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By-elections and State of the Parties

Details of the results of three recent by-elections and the present state of the parties in the House of Commons are given below.

On 3 May the Conservative Party retained both its seats in parliamentary by-elections held at Stafford and at Surrey, South-West and the Labour Party retained its seat at Cynon Valley. In Stafford the Conservative candidate, Mr William Cash, won by a majority of 3,980 votes; in Surrey, South-West, the Conservative candidate, Mrs Virginia Bottomley, won by a majority of 2,599 votes; and at Cynon Valley, the Labour candidate, Mrs Ann Clwyd, won by a majority of 12,835 votes.

The three by-elections were caused by the deaths of the sitting members of Parliament: Mr Ioan Evans, Labour MP for Cynon Valley, died in February, and Sir Hugh Fraser, Conservative MP for Stafford, and Viscount Macmillan of Ovenden (the former Mr Maurice Macmillan), Conservative MP for Surrey, South-West, both died in March.

The results of the by-elections were as follows:

Cynon Valley

A. Clwyd (Labour)	19,389
F. Aubel (Social Democratic-Liberal Alliance)	6,554
C. Jones (Plaid Cymru)	3,619
J. Arbuthnot (Conservative)	2,441

Three other candidates between them received a total of 979 votes; they, together with the Plaid Cymru and Conservative candidates, all lost their deposits. Votes were cast by 65·6 per cent of the electorate.

At the general election in June 1983, Labour held the seat with Mr Ioan Evans polling 20,668 votes, followed by the Alliance candidate with 7,594 votes, the Conservative candidate with 5,240 votes and the Plaid Cymru candidate with 3,421 votes. Votes were cast by 73·4 per cent of the electorate.

Stafford

W. Cash (Conservative)	18,713
D. Dunn (Social Democratic-Liberal Alliance)	14,733
M. Poulter (Labour)	12,677

One other candidate, who received 210 votes, lost his deposit. Votes were cast by 65·5 per cent of the electorate.

At the general election in June 1983, the Conservatives held the seat with Sir Hugh Fraser polling 27,639 votes, followed by the Alliance candidate with 13,362 votes, and the Labour candidate with 12,789 votes. Votes were cast by 76·5 per cent of the electorate.

Surrey, South-West

V. Bottomley (Conservative)	21,545
G. Scott (Liberal-Social Democratic Alliance)	18,946
B. Roche (Labour)	2,949

Three other candidates between them received a total of 228 votes; they and the Labour candidate all lost their deposits. Votes were cast by 61·6 per cent of the electorate.

At the general election in June 1983, the Conservatives held the seat with Viscount Macmillan (then Mr Maurice Macmillan) polling 31,067 votes, followed by the Alliance candidate with 16,716 votes and the Labour candidate with 4,239 votes. Votes were cast by 74·5 per cent of the electorate.

State of the Parties

Following the by-elections and the death in May of Mr Ralph Bonner Pink, Conservative MP for Portsmouth South, the state of the parties in the House of Commons is now as follows:

Conservative	394
Labour	207
Liberal	17
Social Democratic	6
Scottish National	2
Plaid Cymru (Welsh Nationalist)	2
Official Unionist (Northern Ireland)	11
Democratic Unionist (Northern Ireland)	3
Ulster Popular Unionist (Northern Ireland)	1
Social Democratic and Labour (Northern Ireland)	1
Sinn Fein (Northern Ireland)	1
Vacant	1
TOTAL	646

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means), who do not vote except in their official capacity in the event of a tie. The government majority over all other parties is 143, although the Sinn Fein (Northern Ireland) MP has not taken his seat.

Northern Ireland: Review of Emergency Provisions

A review[1] of the Northern Ireland (Emergency Provisions) Act 1978 by Sir George Baker published on 10 April concludes that, despite an improvement in the security situation, the reasonably foreseeable incidence of terrorist crime leaves little room for manoeuvre in making changes in the Act. His main recommendations are that certain less serious 'scheduled' offences should no longer be treated as such; that long delays between arrest and trial should be reduced; that tape recordings of police interviews should be considered; and that maximum penalties for membership of a proscribed organisation should be reduced. A new Act should be reviewed every twelve months instead of every six as at present and should have a maximum life of five years.

The Northern Ireland (Emergency Provisions) Act 1978 gives the security forces special powers to arrest and search persons suspected of being involved in terrorism, provides for terrorist – 'scheduled' – offences to be tried by a High Court judge sitting without a jury, and enables the Secretary of State to proscribe organisations engaging in terrorist activities. Its provisions are renewable by Parliament every six months (see pp 3-4).

Sir George Baker's Review

The terms of reference of the review carried out by Sir George Baker, who was formerly President of the Family Division of the High Court, were as follows: 'Accepting that temporary emergency powers are necessary to combat sustained terrorist violence and taking into account Lord Jellicoe's review of the working of the Prevention of Terrorism (Temporary Provision) Act 1976 as it affects Northern Ireland [see pp 92-6, 1983] to examine the operation of the Northern Ireland (Emergency Provisions) Act 1978 in order to determine whether its provisions strike the right balance between the need on the one hand to maintain as fully as possible the liberties of the individual and on the other to provide the security forces and the courts with adequate powers to enable them to protect the public from current and foreseeable incidence of terrorist crime'.

Sir George states that, unfortunately, the emergency powers remain broadly necessary both to curb violence and to bring criminals to justice. The high probability of detection and subsequent conviction has always been regarded as the best deterrent. Given the current and reasonably foreseeable incidence of terrorist crime there is little room for manoeuvre. In examining each provision of the legislation to determine whether it is necessary, Sir George has considered whether its repeal or amendment might 'deprive yet another man, woman or child of the right to live free from fear'. The review's main conclusions are summarised below.

Trials

Sir George believes that the time is not ripe for the return to jury trials for scheduled cases or for the judge to be assisted by lay assessors. Members of juries in serious cases would be in more danger than ever before. Intimidation is now more sophisticated and has been well tried on witnesses and others. He recommends, however, that all scheduled offences which are triable summarily or which carry a maximum sentence of imprisonment of five years or less should be capable of being 'certified out' and not treated as scheduled offences. This should apply also to firearms offences which have no terrorist connection. If a case has been certified out and there is subsequently an attempt to intimidate the jury, the trial should then be heard by a judge sitting alone.

The use of accomplices (known also as converted terrorists, informers or supergrasses) is a well-established principle of English law, says Sir George, who points out that in the two years up to December 1983 information provided by criminals who had elected to give evidence had led to about a thousand charges in respect of serious offences, of which about 20 per cent were for murder.

It is also well established that immunity from prosecution may be given to accomplices in the public interest. Sir George recommends, however, that the size of trials at which evidence is given by accomplices should be reduced (to 20 or less defendants) as should delays in starting them and their length.

Every effort should continue to be made to avoid long delays between arrest and trials in general and a prisoner held in custody for over 12 months should be granted bail without surety.

On the question of photographic evidence Sir George recommends that photographs, films and video recordings should be admissible as they are in England and Wales without the necessity of calling the photographer. The police should be entitled to obtain a warrant from a High Court judge to allow them to search specified premises for photographic or documentary evidence.

Arrest and Search

Sir George recommends that powers of arrest under the Northern Ireland (Emergency Provisions) Act and the Prevention of Terrorism (Temporary Provisions) Act should be in one Act for Northern Ireland. The initial period for which suspects may be held without charge should be reduced from 72 hours to a maximum of 48 hours and the Secretary of State should have power to extend this by a specified period or periods not exceeding a further five days in all.

Consideration should be given to the introduction as soon as possible of the tape recording of police interviews and, in the context of police complaints procedures, consideration should be given to the concern expressed about the lack of information given to a complainant.

[1] *Review of the Operation of the Northern Ireland (Emergency Provisions) Act 1978 by The Rt Honourable Sir George Baker OBE*. Cmnd 9222. HMSO, £8·40. ISBN 0 10 192220 5.

Powers to enter and search premises should depend upon 'reasonable' suspicion (not merely suspicion).

Proscribed Organisations

It should be an offence, as it is already in Great Britain, to arrange or participate in meetings in support of the activities of proscribed organisations. Thought should be given to the proposal that those political parties which refuse to renounce the use of violence should be disqualified by law from fighting parliamentary or other elections. It is illogical, says Sir George, that the maximum penalty for membership of a proscribed organisation should be 10 years in Northern Ireland, 5 years in Great Britain and 7 years in the Irish Republic. He recommends parity with the Irish Republic.

Duration of the Legislation

A new Act should be reviewed every twelve months rather than every six months as at present and, like the new Prevention of Terrorism Act, should have a maximum life of five years, without extension except by a new Bill.

Victims of Terrorism

Sir George points out that deliberately killing or injuring a person is a civil wrong as well as a criminal act. Legal aid should be available to the victim or those bereaved by a Provisional IRA attack to claim damages from Sinn Fein in a civil action or from any organisation which claims responsibility for death and injury.

Government's Response

While welcoming the report on 10 April, the Secretary of State for Northern Ireland, Mr James Prior, said that the Government is giving careful consideration to its recommendations and that Parliament will have the opportunity to express its views (*Hansard*, Vol 58, No 140, written answers, col 140).

Work of the Northern Ireland Assembly

A report[1] on the Northern Ireland Assembly, in particular the work of its scrutiny committees, is described in a publication to mark the Assembly's 100th session. It summarises the achievements of the Assembly in bringing government closer to the people and gives examples of changes made to proposed legislation and executive practice as a result of the committee's recommendations.

The Assembly is important to the people of Northern Ireland, providing a local forum for domestic dialogue and discussion and making bureaucracy more accessible, says the report. Through the work of its six statutory scrutiny committees – one for each Northern Ireland Department – ministers and civil servants are confronted with their responsibilities, and legislation to be debated in the United Kingdom Parliament is moulded more closely to local wishes. Operating in a similar fashion to the Select Committees of the House of Commons the committees have brought the administration of Northern Ireland under close scrutiny. Public interest in the Assembly and its committees is vigorous with many local interest and pressure groups involving all sections of the community appearing before the committees to give evidence.

Between November 1982 when the Assembly first met (see pp 176 and 341, 1982) and March 1984 the Secretary of State for Northern Ireland and his ministerial colleagues addressed the Assembly on 11 occasions and ministers gave evidence to committees on 24 occasions. The committees have produced 55 reports which, after debate in the Assembly, have been presented to the United Kingdom Government. The Government has accepted, in full or in part, 138 recommendations made by the committees which have led to changes in proposed legislation and executive action. As a result the Government has effected, or committed itself to, such developments as more flexible financing; new industrial incentives; increased resources for agriculture and new management for inland fisheries; improvements for tenants in public housing and in the administration of housing benefit; and action to improve access for the disabled.

Within a short time the Assembly has proved that it can secure a wide range of economic and social benefits for the people of Northern Ireland, says the report. Through sustained effort it can be developed further – into a forum for political reconciliation and devolved government.

[1] *Local Democracy at Work: The Northern Ireland Assembly*. Available free from the Speaker's Office, Northern Ireland Assembly, Parliament Building, Stormont, Belfast BT4 3SY.

The New Ireland Forum: Government Response and Report

The British Government has welcomed 'important positive elements' in the report[1] of the New Ireland Forum published on 2 May which puts forward proposals for achieving peace and stability through possible new structures. In a statement the Secretary of State for Northern Ireland, Mr James Prior, refers to the report's unqualified opposition to violence, to its confirmation that unity would have to be 'freely negotiated and agreed to by the people of the North and by the people of the South' and to the 'considered attempt by nationalists to recognise and respect the distinctive identity of Northern Ireland unionists'. Mr Prior's statement is given in full below, followed by a summary of the report.

[1] *New Ireland Forum: Report*. Published by Stationery Office, Dublin. May be purchased from Government Publications Sale Office, Sun Alliance House, Molesworth Street, Dublin 2. IR25p.

STATEMENT BY SECRETARY OF STATE

The problems faced by our fellow citizens in Northern Ireland are grave. That much at least is common ground. The continuing problems of the Province demand that we give attention to all responsible views. The Government will study the Forum report carefully and also reactions to it, not least in Northern Ireland itself.

The authors of the report (all the main parties in the Republic and one party from Northern Ireland) cannot expect the Government to accept the nationalist interpretation of past events which the report expresses, or the dismissal of the strenuous efforts which successive United Kingdom governments have made in the past 15 years to deal with the intractable problems of Northern Ireland. The Forum's account of the British position is one-sided and unacceptable.

Nevertheless, the Government welcomes important positive elements in the report. First, there is a clear and unambiguous reaffirmation of the commitment of the Forum participants to the politics of peaceful persuasion, and unqualified opposition to violence and those who support violence. The report also confirms the established position of successive Irish governments that unity is sought on a basis 'freely negotiated and agreed to by the people of the North and by the people of the South'. In seeking such agreement, the report includes a considered attempt by nationalists to recognise and respect the distinctive identity of Northern Ireland unionists, including their loyalty to the United Kingdom.

The Government stands by its undertaking that Northern Ireland shall not cease to be part of the United Kingdom without the consent of a majority of the people of Northern Ireland and remains willing to give effect to any majority wish which might be expressed in favour of unity. But unionist opposition to Irish unity is to the principle rather than the form. As the report acknowledges, consent has to be freely given. And there is no reason to expect such consent to a change in sovereignty in Northern Ireland in any of the three forms suggested in the report.

It remains necessary to face the problems of division and violence in Northern Ireland, including the feelings of alienation among the nationalist minority. The Government's continuing objective is to provide a basis on which all its inhabitants – unionist and nationalist – can live securely, peacefully and prosperously in the years immediately ahead, giving full expression to their identities and aspirations and playing their proper part in public affairs. The Government is ready to consider with all those who renounce violence ways in which this objective can be achieved.

The United Kingdom Government welcomes the statement in the report that the parties in the Forum remain fully open to discuss other views.

REPORT OF THE NEW IRELAND FORUM

In a preface the report says that 'the New Ireland Forum was established for consultations on the manner in which lasting peace and stability could be achieved in a new Ireland through the democratic process and to report on possible new structures and processes through which this objective might be achieved'. Four political parties took part: the Fianna Fáil Party, the Fine Gael Party and the Labour Party from the Irish Republic and the Social Democratic and Labour Party from Northern Ireland which, the report says, together represent over 90 per cent of the nationalist population. The report points out that participation of North and South was open to all democratic parties which reject violence; those who took part would have preferred both unionist and nationalist representation. However, the views of people of all traditions who agreed with the Forum's objectives were taken into account.

The introduction to the report refers to the urgency of the Forum's task and says that the persistence of division and conflict poses a challenge to those who support and practise democratic principles. The effect of this on economic and social affairs is outlined and the need for a major reassessment by Britain is stressed.

Origins of the Problem

The report takes the view that the origins of the problem lie in the Government of Ireland Act 1920 which partitioned Ireland. In the North both sections of the community became locked into a system based on sectarian loyalties. Events since 1969 are described and the report claims that British policy has amounted to 'crisis management' in which security policies have deepened the sense of alienation of the nationalist population. The negative effect of IRA violence is emphasised and the human loss and economic costs discussed.

Assessment of the Present Situation

An assessment of the present situation refers to the unionist veto on political change and the resulting political deadlock, and claims that, although the British Government favoured power-sharing, it has not insisted on its implementation. Security policy and the introduction of emergency measures are criticised and it is said that they have failed to address the causes of violence.

The report goes on to examine the characteristics of nationalist and unionist attitudes. It says that the aim of nationalists in seeking Irish unity is to develop an Irishness that demonstrates that the unionist and Protestant heritage can be accommodated. In examining unionist attitudes it says that unionists seek to prevent an all-Irish State in which the Roman Catholic Church would have undue influence; the breaking of the link with Britain; and the loss of their dominant position. Nationalists must acknowledge that unionists share the same basic concerns about stability and security. Unionists wish to preserve their Britishness, their Protestantism and the economic advantages of the British link. Studies by the Forum show that while living standards are now broadly comparable between North and South, the Northern Ireland economy is sustained by the financial subvention from Britain.

The Forum rejects and condemns paramilitary organisations and all who resort to terror to achieve their ends and urges anyone who is

concerned about Ireland to refuse to support such organisations.

There is a pressing need for political action to establish new structures. The new Ireland must allow all cultures, political and religious beliefs to be freely expressed and practised. It will need a new constitution which will ensure that the needs of both traditions are met. The starting point of genuine reconciliation and dialogue is mutual recognition of the legitimate rights of both. The Forum is convinced that dialogue which respects both traditions can overcome the fears and divisions of the past and create an atmosphere in which peace and stability can be achieved. In order to overcome the destructive effect of extremists on both sides, both Governments, in co-operation with representatives of democratic nationalist and unionist opinion in Northern Ireland, must discharge their responsibilities.

Framework for a New Ireland

In reiterating 'present realities and future requirements' the report summarises the findings of earlier sections. It states that Irish nationalist attitudes have hitherto tended to underestimate the 'full dimension of the unionist identity and ethos' while unionist attitudes and practices have denied the right of nationalists to 'meaningful political expression of their identity and ethos'. British policy has underwritten unionist supremacy and before progress can be made Britain must reassess its position. The Forum proposes the following as necessary elements in a framework for a new Ireland:

1 Structures and processes must provide peace and stability.

2 Attempts to impose a solution through violence must be rejected; a new Ireland can come about only through agreement and must have a democratic basis.

3 Agreement means political arrangements would have to be negotiated and agreed by the people of the North and the people of the South.

4 The validity of both the nationalist and unionist identities and the rights of all citizens must be protected.

5 There must be equal rights and opportunities for all and protection of human rights and communal and cultural rights.

6 Civil and religious liberties must be guaranteed.

7 New structures and institutions, including security structures, must be provided with which both sides can identify.

8 Economic and social standards must be maintained and integrated economic developments facilitated.

9 Cultural and linguistic diversity must be preserved.

10 Political action is urgently needed to halt the slide towards further violence. Britain has a duty to respond now. The parties in the Forum are committed to play their part.

The report says that the British Government must recognise these realities in order to promote reconciliation between the two traditions and demonstrate political will. The British and Irish Governments should enter into discussions to create the necessary framework.

The desire of nationalists is for a united Ireland achieved peacefully and by consent. This would offer the best and most durable basis for peace and stability. The parties of the Forum would wish to see a unitary state providing guarantees for the protection and preservation of both unionist and nationalist identities. It would be essential for unionists to negotiate their role in any arrangements for Irish unity and the British and Irish Governments should create the framework and atmosphere for such negotiations.

The last part of the report examines three possible arrangements for a new Ireland – a unitary state, a federal/confederal state, and joint authority – and says that the parties in the Forum remain open to discuss other views.

Unitary State

A unitary state would have one government and parliament elected by all the people of the island. It would require a new constitution that would be non-denominational and could only be formulated at a constitutional conference convened by the British and Irish Governments. This would guarantee civil and religious liberties to all citizens. There would be a single legal and judicial system and a single police service recruited from the whole island. Political and administrative arrangements would ensure that unionists would not be denied power or influence; for example, provision could be made for weighted majorities with regard to legislation on issues fundamental to the establishment of the new state. In the Senate unionists could be guaranteed a minimum number of seats.

A redefined relationship between Britain and Ireland would take account of the unionist sense of Britishness. People with British citizenship would continue to have such citizenship and would automatically acquire Irish citizenship. All cultural traditions would be guaranteed full expression and the educational system would reflect the two main traditions.

Administrative and economic efficiency would be promoted by ending duplication and by facilitating integrated promotion of investment, exports and tourism. Integrated economic policies would ensure a united voice in advancing common interests, especially in the European Community.

A Federal/Confederal State

A two-state federal/confederal arrangement would have a non-denominational constitution and there would be safeguards for the protection of minority rights. In a federation residual power would rest with a central government with certain powers vested in the two individual states. A confederation would comprise two states which would delegate certain powers to a confederal government. In a federal/confederal arrangement each state would have its own parliament and executive. In a federation the powers held at the centre would be a matter for negotiation but

might include agriculture, industry, energy, transport, industrial promotion and marketing, which could be more efficiently administered on an island basis, while education, housing and social welfare might best be administered by the individual states. In a confederal arrangement the powers held at the centre could be relatively limited, for example, foreign policy, external and internal security policy and perhaps monetary policy.

A federal/confederal arrangement would allow the retention within the North and South of many laws and practices reflecting the development of both areas over the past 60 years. All cultural traditions would be guaranteed full expression. It would allow all people to give expression to the common aspects of their identity while at the same time maintaining their separate beliefs and way of life.

Joint Authority

Under joint authority the London and Dublin Governments would have equal responsibility for all aspects of the government of Northern Ireland. Building on existing links and in consultation with nationalist and unionist opinion they would establish joint authority which could be exercised directly or through a locally-elected assembly and executive. Joint citizenship rights would be conferred on all persons living in Northern Ireland. The overall level of public expenditure would be determined by the two Governments.

Under this arrangement the two traditions in Northern Ireland would be on a basis of equality. The unionist population would be assured of their identity and link with Britain and structures would be provided with which the nationalists in the North could identify.

Recent Legislation

The public Acts of Parliament passed between January and April are listed below. Three Acts were introduced by private members and are indicated by an asterisk.

Consolidated Fund Act 1984. Gives parliamentary authority for sums to be issued out of the Consolidated Fund to meet the Government's expenditure requirements. Royal Assent: 13.3.84. Ch 1, ISBN 0 10 540184 6, HMSO, 35p.

**Education (Amendment) (Scotland) Act 1984*. Enables the Secretary of State for Scotland to control the use of dangerous materials and apparatus in educational establishments in Scotland. Royal Assent: 13.3.84. Ch 6, ISBN 0 10 540684 8, HMSO, 35p.

Education (Grants and Awards) Act 1984. Makes provision for the payment of education support grants to local education authorities in England and Wales in order to enable the Government to direct a small percentage of total education spending into certain priority subjects. Royal Assent: 12.4.84. Ch 11, ISBN 0 10 541184 1, HMSO, 75p.

**Lotteries (Amendment) Act 1984*. Amends the Lotteries and Amusements Act 1976 so as to abolish certain offences regarding foreign lotteries, and for connected purposes. Royal Assent: 12.4.84. Ch 9, ISBN 0 10 540984 7, HMSO, 35p.

Merchant Shipping Act 1984. Provides for serving of notices by Inspectors when enforcing merchant shipping legislation and amends the law dealing with the calculation of ships' tonnages in connection with the limitation of shipowners' liability. Royal Assent: 13.3.84. Ch 5, ISBN 0 10 540584 1, HMSO, £2.25.

Occupiers' Liability Act 1984. Amends the law in England and Wales on the liability of occupiers of premises for injury suffered by people other than their visitors. Also amends the Unfair Contract Terms Act 1977 in relation to people obtaining access to premises for recreational purposes. Royal Assent: 13.3.84. Ch 3, ISBN 0 10 540384 9, HMSO, 75p.

Pensions Commutation Act 1984. Dissolves the Pensions Commutation Board and amends the Pensions Commutation Act 1871. Royal Assent: 13.3.84. Ch 7, ISBN 0 10 540784 4, HMSO, 75p.

Prevention of Terrorism (Temporary Provisions) Act 1984 (see pp 352-3, 1983). Royal Assent: 22.3.84. Ch 8, ISBN 0 10 540884 0, HMSO, £2·70.

Restrictive Trade Practices (Stock Exchange) Act 1984 (see pp 434-6, 1983). Royal Assent: 13.3.84. Ch 2, ISBN 0 10 540284 2, HMSO, 35p.

**Road Traffic (Driving Instruction) Act 1984*. Amends provisions on driving instruction contained in the Road Traffic Act 1972. Royal Assent: 12.4.84. Ch 13, ISBN 0 10 541284 4, HMSO, 75p.

Telecommunications Act 1984 (see pp 269-72, 1983). Royal Assent: 12.4.84. Ch 12, ISBN 0 10 541264 8, HMSO, £9·90.

Tourism (Overseas Promotion) (Scotland) Act 1984. Amends the Development of Tourism Act 1969, enabling the Scottish Tourist Board to initiate and fund the overseas promotion of Scotland, a power hitherto reserved for the British Tourist Authority. The Board's powers will supplement, not replace, those of the Authority. Royal Assent: 13.3.84. Ch 4, ISBN 0 10 540484 5, HMSO, 35p.

Town and Country Planning Act 1984. Enables Crown land to be disposed of with the benefit of planning permission or listed building consent although no private interest in the land already exists. Also validates any permission or consent already granted in respect of such land on the basis of an erroneous view of the previous legal position. Royal Assent: 12.4.84. Ch 10, ISBN 0 10 541084 5, HMSO, £1·30.

EXTERNAL AFFAIRS AND DEFENCE

Libya: Break in Diplomatic Relations

Following an incident on 17 April when shots were fired from inside the Libyan People's Bureau in St James's Square in London, killing a British woman police constable, Miss Yvonne Fletcher, and wounding 11 people taking part in a street demonstration organised by Libyan dissidents, Britain on 22 April announced its decision to break diplomatic relations with Libya. The British Government has also called for an international review of the 1961 Vienna Convention on Diplomatic Relations in the light of abuses of diplomatic immunities in recent years.

Background

The Libyan People's Bureau was set up in September 1979 when a series of self-styled revolutionary committees took over Libyan embassies in London and at least eight other Western European capitals. In June 1980, following long negotiations with the Libyan authorities, Britain and the other Western governments concerned recognised one official in each people's bureau as equivalent to a head of mission and agreed to treat the bureaux as diplomatic missions. During this period action was taken by the British Government against Libyans infringing British laws. In June 1980, for example, Mr Musa Kusa, the newly accredited Secretary-General of the People's Bureau, was expelled after stating publicly his approval of the killing of Libyan dissidents in Britain. In November 1980 four Libyans, none of them possessing diplomatic status, were convicted of poisoning the two children of a Libyan dissident in Portsmouth and sentenced to long terms in prison. In purported retaliation, the Libyan authorities expelled three members of the British Embassy staff in Tripoli and an attempt was made to burn down the embassy building.

In mid-February 1984 a group calling itself the committee of revolutionary students took over control of the Libyan People's Bureau in London. From that date no member of the new revolutionary committee, nor any other Libyan, was given any form of diplomatic status. Britain made it clear that it would not be willing to deal with them on a normal basis unless and until they took steps to establish a customary diplomatic mission.

On 24 February the committee made inflammatory criticisms of Libyan exiles in London and accused the British Government of a hostile attitude. On 10 and 11 March a series of bomb explosions took place in London and Manchester. Six Libyans were subsequently deported and four remain in custody awaiting trial on serious charges. At the time the British Government emphasised that the use of British territory for acts of terrorism by any foreign group was totally unacceptable, and that any repetition of such incidents would be bound to have a serious effect on British-Libyan relations.

Incident in St James's Square

On the night of 16/17 April the People's Bureau in London and the Foreign Liaison Bureau (the Libyan equivalent to a foreign ministry) in Tripoli protested to Britain about a demonstration to be held the next morning, and warned that Libya would not be responsible for its consequences. Such language had been used by Libya in similar contexts on previous occasions. Libya was reminded about the right of people in Britain to hold peaceful demonstrations and on that basis the police agreed to let the planned demonstration go ahead.

On 17 April a peaceful demonstration took place outside the Bureau. The police were fully in control and there were no problems of public order. Without warning, shots were fired from the Bureau, injuring twelve people including WPC Fletcher who died shortly afterwards in hospital. The police immediately cordoned off the area, maintaining a protective watch on the building and controlling movements there.

Britain immediately asked the Libyan authorities to instruct those inside the Bureau to leave the building and to allow it to be searched for weapons and explosives. Libya, denying responsibility for WPC Fletcher's murder, refused this request, and did so repeatedly over the next few days. Faced with this refusal, Britain proposed that all current occupants of the People's Bureau and all other Libyan diplomatic staff in the United Kingdom should leave the country in safety; that British diplomatic staff should leave Libya in safety; and that Britain should be satisfied that all weapons and explosives had been removed from the Libyan People's Bureau, and that Libyan buildings in the United Kingdom were no longer capable of being used as a base for terrorist acts.

If accepted, these proposals would have meant the termination of diplomatic relations by agreement.

Libya, however, did not accept the proposals. In a televised interview on 19 April, Libya's leader, Colonel Muammar Qadhafi, claimed to have had nothing to do with the 'accident' and blamed the British Government, alleging that the People's Bureau had faced an armed attack by air and ground forces and that the British police, supported by helicopters, had shot at the Bureau. He demanded that all these forces be withdrawn immediately. On 22 April Libya offered to send an investigation committee to the Bureau; if it found that there was a person who deserved to stand trial, the Libyan authorities would arrange this and there would be no objection if Britain wished to send to Libya any agreed international party to attend the trial. For its part Libya would attend any trial in Britain if it was found that a British person was responsible for the shooting.

Break in Diplomatic Relations

In a statement issued on 22 April, Mr Richard Luce, Minister of State at the Foreign and Commonwealth Office, said that the outrageous murder of WPC Fletcher from inside the Libyan People's Bureau was a 'totally unacceptable and unprecedented breach of British law, international law and the Vienna Convention on Diplomatic Relations' (see p 163). In Britain's view, Colonel Qadhafi's proposal for a Libyan Commission of Inquiry was a 'wholly inadequate response to this flagrant abuse of diplomatic immunity'. The British Government had therefore decided to break relations forthwith with Libya, and had so informed the Acting Secretary-General of the People's Bureau in London. The British Ambassador at Tripoli, Mr Oliver Miles, had instructions to inform the Libyan authorities that evening.

For its part, Mr Luce went on, Britain would continue 'scrupulously to observe [its] obligations under the Vienna Convention on Diplomatic Relations'. It had given all Libyan diplomatic staff in London and anyone else currently in the Libyan People's Bureau until midnight on 29/30 April to vacate their premises and leave the country, and would make arrangements for their safe passage. Britain had also reminded the Libyan authorities of their obligation to guarantee the safe departure of British Embassy staff who would be withdrawn from Tripoli by the same date. The safety of the British community in Libya had been an essential priority throughout, and Britain had made clear to the Libyan authorities that it held them responsible for the safety of Britons there. The British community in Libya was not at present being advised to leave, but British residents should consider their position carefully and keep in touch with developments. Finally, Britain would exercise its right to designate a protecting power[1] and would give that power all possible help.

In the House of Commons on 25 April (*Hansard*, Vol 58, No 142, cols 739-52) the Home Secretary, Mr Leon Brittan, gave details of action taken with regard to other Libyans in Britain or those who wished to travel to Britain. He emphasised that he would not hesitate to use his powers of removal where there was any evidence that the presence in Britain of any individual was against the national interest. Two Libyans had been deported since the shooting; Libyans wishing to travel to Britain from Libya would for the time being have to apply for visas in neighbouring states, and their applications, and those from Libyans elsewhere in the world, would have to be referred to London, where they would be thoroughly and carefully examined. Applications for entry from those already holding visas would similarly be scrutinised. These measures would ensure that in the coming months only in the most exceptional circumstances would Libyan nationals be admitted. In a later statement on 1 May (*Hansard*, Vol 59, No 146, cols 195-208) Mr Brittan announced further measures of restriction with regard to Libyan short-stay visitors and students, and the detention of six more Libyan nationals whom it was intended to deport.

Following Britain's decision to break off diplomatic relations with Libya, over 100 people consisting of the families of Libyan diplomats, as well as some diplomatic staff from other buildings in London, left Britain on 26 April. The next day 30 people left the premises of the Libyan People's Bureau in an operation witnessed by representatives of the Saudi Arabian, Syrian and Turkish Embassies, two of whom were also present during their subsequent questioning by police prior to leaving Britain. The premises of the Bureau were then searched by police in the presence of a representative from the Saudi Arabian Embassy and a quantity of arms and ammunition was found, as well as firearms residue and a spent cartridge case, discovered in the room from which the weapon which killed WPC Fletcher was believed to have been fired. Giving an account of the operation in the House of Commons on 1 May (*Hansard*, Vol 59, No 146, cols 195-208), Mr Brittan said that although the police were of the view that there was not sufficient evidence to sustain a prosecution against any individual, they believed it was likely that the murder had been committed by one of two people in the Bureau, both of whom possessed diplomatic immunity. (On 10 May an inquest into the death of WPC Fletcher returned a verdict of unlawful killing by a bullet coming from one of two windows on the first floor of the Libyan People's Bureau.)

On 3 May the Libyan authorities claimed to have discovered five pistols, ammunition and tear gas in the former British Embassy in Tripoli which had stood empty since the departure of the staff on 27 April. The building had been first searched on 30 April in the presence of a representative of the Italian Embassy, who was summoned back on 3 May to witness the 'discovery'. A statement by the Foreign and Commonwealth Office on 4 May said the Libyan claims were totally and utterly without foundation. No firearms, ammunition or tear gas canisters had been issued to the Embassy or to any of its staff, and Mr Miles had confirmed that no such items had been held there. It was clear that the Libyans had had ample opportunity

[1]Italy was designated the protecting power for Britain in Libya and Saudi Arabia that for Libya in Britain, with the agreement of both the British and Libyan Governments.

to plant the weapons, and Britain had asked the Italian authorities to obtain the serial numbers of the weapons so that their origins might be traced.

Abuses of Diplomatic Status

In a statement in the House of Commons on 1 May (*Hansard*, Vol 59, No 146, cols 209-29) the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, reviewed the recent history of British-Libyan relations (see above) and discussed the incident's implications for general diplomatic practice. He also announced that Britain was urgently reviewing all existing contracts for the supply of defence equipment to Libya, and that no new contracts would be entered into.

The Government, he said, had instituted a full review of the Vienna Convention, its operation and enforceability, and would report the outcome of the review to the House. It was not enough, however, to await this, and the Government was therefore taking immediate unilateral action to strengthen control over the operation of foreign missions in Britain.

A decision to break off diplomatic relations was an exceptional event and was taken only after a full and proper appreciation of the interests of Britain and British citizens around the world. It was obviously right to consider whether other, lesser measures might be appropriate on such occasions. The question of scanning diplomatic bags, for example, which was not expressly covered in the Vienna Convention, was currently on the agenda of the United Nations International Law Commission and Britain had more than once considered whether any change of practice was desirable.

Another sanction was the expulsion of a diplomat who abused his status. Britain could take similar action against other staff of a diplomatic mission who did not have full diplomatic status but nevertheless enjoyed immunity, and normally it did so where there was evidence of personal conduct incompatible with diplomatic status. From now on, it would be ready to use that power as an exemplary measure against any mission that it had good reason to believe was responsible for unacceptable activities in Britain.

Britain also had the power to set limits to the size of diplomatic missions and to refuse to accept as having diplomatic status any premises of a mission which were not in its view being used for diplomatic purposes. 'We now face a far wider threat from international terrorism. We shall not hesitate to use our powers to prevent the abuse by missions of their diplomatic status in connection with terrorist activities.'

Noting that Britain had sent messages to a number of governments, seeking their support and interest in this matter, and that it had received public expressions of support from a large number of friends and allies including the United States, Canada, Belgium, Norway, Australia, the Irish Republic and France, Sir Geoffrey said the Government was also seeking to secure a concerted response from member states of the European Community, while the Prime Minister would be seeking a similar response from countries attending the London economic summit in June. 'The most effective answer to international terrorism is international action taken collectively by the major countries. We have taken the firmest action so far of any country faced with these threats, and shall continue to press for similar action on an international basis.'

The Vienna Convention

Britain's response to the shooting was governed by the 1961 Vienna Convention on Diplomatic Relations[1] which regulates the position of foreign missions and their staff, granting them certain privileges and immunities in the host country. While Article 41 of the Convention states that it is the duty of all persons enjoying privileges and immunities to 'respect the laws and regulations' of the host State and that the premises of a diplomatic mission must not be used 'in any manner incompatible with the functions of the mission as laid down in the . . . Convention or by other rules of general international law', other Articles in the Convention place restrictions on action the host State may wish to take with regard to the mission and its staff for the purpose of investigating a suspected breach of these laws. Article 22, for example, states that the premises of a mission are inviolable and may not be entered by the host State except with the consent of the head of the mission, while Article 27 provides for immunity of the diplomatic bag, which 'shall not be opened or detained'. Article 31 grants a diplomatic agent immunity from criminal jurisdiction; under Article 29 a diplomat is not liable to any form of arrest or detention, while Article 36 exempts personal baggage from inspection by customs officials. If diplomatic relations are broken off, the host State, under Article 45, must 'even in case of armed conflict, respect and protect the premises of the mission, together with its property and archives', while the staff of the mission continue, under Article 39, to be protected by their immunity until they leave the country or until 'expiry of a reasonable period in which to do so'.

Hong Kong

The British Government's commitment to ensure the preservation of Hong Kong's legal, economic, social and administrative systems in negotiations with the People's Republic of China on the future of the dependency was reaffirmed by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, in a statement made in Hong Kong on 20 April. Sir Geoffrey's statement followed discussions with the Hong Kong Government, and also with Chinese leaders during a visit to China from 15 to 18 April.

Hong Kong is a Crown Colony held by Britain as a result of three treaties signed by China during the nineteenth century. The first two treaties are

[1] *The Vienna Convention on Diplomatic Relations*. Cmnd 1368. HMSO. Reprinted 1963.

the Treaty of Nanking of 1842 and the Convention of Peking of 1860, under which China ceded to Britain in perpetuity the island of Hong Kong, Kowloon and Stonecutter Island; the third is the Convention of Peking of 1898, under which China leased to Britain for 99 years an area on the mainland opposite known as the New Territories. The lease ends in 1997.[1] The colony has been the subject of negotiations between Britain and the People's Republic of China which began after a visit to China and Hong Kong by the Prime Minister, Mrs Margaret Thatcher, in September 1982 (see pp 319-21, 1982).

THE FOREIGN AND COMMONWEALTH SECRETARY'S STATEMENT

Noting that the British and Chinese Governments had agreed to enter negotiations with the common aim of maintaining the prosperity and stability of Hong Kong, Sir Geoffrey said that it had also been Britain's intention to remove the uncertainty over the future of the territory which arose from the fact that the lease on 92 per cent of the territory was due to expire in 1997. 'It was and still is our intention to work out arrangements for the future that will be in the best interests of the people of Hong Kong. The expiry of the lease is a fact we could not and cannot ignore.'

Preserving Hong Kong's Way of Life

Emphasising that throughout the talks with China close contact had been maintained by Britain with the Governor of Hong Kong, with the executive and legislative councils and, through visits by British ministers, with a wide range of Hong Kong opinion, Sir Geoffrey stated that the British Government's major concern had been to preserve the way of life of Hong Kong. This depended on continuity in the territory's legal, economic, social and administrative systems, and the maintenance of the freedom people in Hong Kong were enjoying. At present this continuity was assured by British administration, but, Sir Geoffrey added, 'it is right for me to tell you that it would not be realistic to think of an agreement that provides for continued British administration in Hong Kong after 1997. For that reason, we have been concentrating on other ways of securing the assurances necessary for the continuity of Hong Kong's stability, prosperity and way of life.'

Sir Geoffrey said that there was a basis on which this could be achieved since the Chinese Government had made it clear publicly that it recognised the special circumstances of the territory and that it wanted Hong Kong's social and economic systems and lifestyle to remain unchanged. Britain's approach in the talks had been to examine with China the possibility of arriving at arrangements that would secure for Hong Kong, after 1997, a high degree of autonomy under Chinese sovereignty, and that would preserve its way of life, together with the essentials of the present systems. Britain's objectives were clear: 'a framework of arrangements that will provide for the maintenance of Hong Kong as a flourishing and dynamic society; and an agreement in which these arrangements will be formally recorded'.

[1]For further information see COI reference document *Hong Kong*, No 80/81.

Autonomy

The Foreign and Commonwealth Secretary believed that the Chinese Government shared Britain's desire to see the continuation in Hong Kong of a society enjoying its own distinct way of life and offering a service to the world as an industrial, commercial and financial centre. 'Against that background, it is possible to foresee a situation in which Hong Kong would, as part of China, enjoy a high degree of autonomy. In such a situation that autonomy would extend to administration, the making of laws, the maintenance of Hong Kong's own familiar system of justice, and responsibility for public order in the territory. Under such arrangements, the law of Hong Kong, including the written and common law, would be based upon the present system; existing freedoms would be maintained – freedom from arbitrary arrest, freedom of religion, assembly and speech, freedom of travel, and freedom of the press. Hong Kong would manage its own public finances, within which taxes levied in Hong Kong would, as now, be employed in Hong Kong for the benefit of Hong Kong people. And, under such arrangements, Hong Kong's extensive and direct economic relationships with the world would continue. Hong Kong would remain an important participant in regional and world economic organisations. And there would be a place for outside people, from Britain and elsewhere, to go on making a contribution to life in Hong Kong.'

The Chinese Government, noted Sir Geoffrey, saw the administration of the territory after 1997 as being in the hands of the Hong Kong people themselves. This would follow a process of development which was already underway and which would evolve further. During the years immediately ahead, the Government of Hong Kong would be developed on increasingly representative lines.

Recognising and understanding that the prospect of change was causing real concern, Sir Geoffrey said that the British Government was listening to the views of Hong Kong people and taking full account of them in the negotiations. He was convinced that Chinese leaders wanted Hong Kong's social, political and legal systems to remain fundamentally as they were. 'We have stressed all along the need for firm assurance that arrangements for Hong Kong's continuing prosperity and stability, based on effective autonomy, will continue. The Chinese Government have made it clear publicly that they intend such arrangements to last for at least 50 years from 1997. 'We are working for an agreement which will enshrine that principle of continuity for this unique society.'

Sir Geoffrey pointed out that the negotiations were continuing, that several points of substance remained to be resolved, and that he could not anticipate the details of an eventual agreement. The agreement reached would have to be such that the British Government could commend it to Parliament, and people in Hong Kong would need to know the terms of the agreement and have the

time to express their views. Moreover, Parliament itself would need time to reflect and take account of those views. Although the negotiations were complex and difficult, a good deal of progress had been made and there was a will on both sides to bring their work to fruition in an agreement that would ensure the stability and prosperity of Hong Kong.

Shorter Notes

AID TO BANGLADESH

Announcements of new British aid grants to Bangladesh totalling £45 million have been made in recent weeks. At a meeting of the World Bank Bangladesh aid group in Paris in April, Britain pledged £15 million which is expected to finance both the provision of British goods and services and local costs associated with development projects. Another £15 million to be used in the same way is to be provided under one of two agreements signed during a visit to Bangladesh in March by the Minister for Overseas Development, Mr Timothy Raison; the other agreement, also for £15 million, provides finance for the payment of essential commodity imports. Britain has also announced that £15·82 million from its agreed aid commitments to Bangladesh will be used for the further development of the electricity transmission and distribution system for the Greater Dhaka area. This, which will also cover the cost of British consultants to supervise the whole project on behalf of the Bangladesh Power Development Board, brings British assistance for the development of Dhaka's electricity supply to over £55 million since 1974.

Britain is a major aid donor to Bangladesh, having provided over £260 million since its independence in 1971; in 1983 British aid totalled £25 million. In addition to the Greater Dhaka electricity supply scheme, recent major projects supported include the World Bank's second deep tubewell project and the rehabilitation of the tea industry (see also pp 394-5, 1982). Programme aid has been directed to a wide range of sectors including transport, agriculture, textiles and jute. The technical co-operation programme includes projects in forestry, fisheries, livestock, science education, oil and gas exploration and rice research, and a major programme of training in Britain. Bangladesh continues to benefit from the cancellation of debt repayments following a 1980 settlement as part of Britain's Retrospective Terms Adjustment programme (see p 304, 1978).

Source: Overseas Development Administration press notices, 13.3.84, 10.4.84 and 1.5.84.

AID TO PAKISTAN

Britain announced a pledge of £25 million in development aid to Pakistan at a World Bank meeting of aid donors in Paris on 12 April. The new funds, all in grant form, will help to finance projects to be agreed between the British and Pakistan Governments. A further £1 million was pledged, subject to parliamentary approval, to the United Nations Fund for Drug Abuse Control for a special development plan aimed at discouraging the cultivation of opium poppies in Pakistan.

British aid to Pakistan totalled almost £17 million in 1983 and is concentrated on the poorest provinces of Baluchistan and the North-West Frontier bordering Afghanistan. Recent projects have included equipment for Pakistan's railways, the development of Port Qasim, agricultural and earth-moving machinery for land-levelling in Sind, and land drainage for agricultural development in the Punjab. A rural development project initiated by the Aga Khan Rural Support Programme, a non-profit making company, and based in Gilgit in northern Pakistan has received a British contribution of £29,000, made under the Overseas Development Administration's Joint Funding Scheme (see footnote p 264, 1983), to help build four irrigation channels and a storage reservoir, permitting 500 hectares of land to be cultivated, and two link roads giving 4,200 people, particularly farmers, access to motorised transport. Technical co-operation has included assistance to the Allama Iqbal Open University, phosphate exploration in North-West Frontier Province and a training programme for Pakistani students in Britain. In addition, Britain contributes both directly and through the European Community to the relief programme for Afghan refugees in Pakistan, having provided over £21 million since January 1980.

Source: Overseas Development Administration press notices, 6.7.83 and 12.4.84.

National Income and Expenditure 1983

Britain's gross domestic product rose by 3 per cent in real terms in 1983 following a smaller increase in 1982. Manufacturing output rose after several years of decline but is still below its pre-recession level.

Details of gross domestic product (GDP) and its components in the fourth quarter and year of 1983 are given in a Central Statistical Office press notice of 20 March.

Gross Domestic Product

In the fourth quarter of 1983 GDP at factor cost according to the average measure (the average of expenditure, income and output measures) was 3·3 per cent higher than a year earlier and 7·5 per cent above its trough in the second quarter of 1981.[1] In the year as a whole GDP was 3 per cent higher than in 1982 (the expenditure measure increased by 3·5 per cent, the income measure by 3·2 per cent and the output measure by 2·2 per cent). GDP at current prices rose by 9·8 per cent between 1982 and 1983 while gross national disposable income – a measure of real income – increased by 2·7 per cent.

Expenditure

Consumers' expenditure rose by 3·9 per cent between 1982 and 1983; expenditure on durable goods increased by 16·5 per cent, on other goods by 2·6 per cent and on services by 2·2 per cent. General government consumption rose by 3·2 per cent and gross fixed investment by 4·4 per cent. The increase in exports was modest, at 0·8 per cent, but that in imports was as much as 5 per cent. There was net stockbuilding in 1983 following three years of substantial destocking.

Income

In terms of current prices, income from employment rose by 6·9 per cent between 1982 and 1983, company profits (net of stock appreciation) by 25·3 per cent, profits of industrial and commercial companies (net of stock appreciation) by 23·1 per cent and the trading surplus of public corporations by 7·1 per cent (this would have been much higher but for the privatisation of Britoil at the end of 1982 and its consequent reallocation to the company sector (see pp 364-5, 1982)).

Output

Agricultural output fell by 4·1 per cent between 1982 and 1983 although it remained high in a historical context. Output of the energy and water supply industries grew by 5·4 per cent. Manufacturing output increased by 1·5 per cent and construction output by 4·3 per cent (although these both remain well below their levels of 1978).

[1]Unless specified, all changes are expressed in terms of constant prices.

Financial Services

The need for regulation in the provision of financial services was discussed in a speech made by the Governor of the Bank of England, Mr Robin Leigh-Pemberton, on 27 April. Increasing links within this sector, accompanied by recent proposals for reform of the Stock Exchange and the law on investor protection, had brought out the need for regulation.

The Governor, who was addressing the annual conference of the British Insurance Brokers' Association in Bristol, began by drawing attention to the large contribution made by the insurance industry to Britain's overseas invisible earnings – a surplus of £1,200 million in 1982. Both world business and that part of it undertaken by British insurers had been growing rapidly.

Need for Regulation

In order to compete successfully, financial institutions – even more than industrial or commercial companies – had to be based on a foundation of financial strength and the observance of the highest ethical standards. However, as individual lapses from these standards tended to undermine faith in collective probity – and ultimately in the City of London as a whole – a robust regulatory framework was necessary.

The need for regulation had a particular topicality, indeed urgency, because of 'the tide of change which is sweeping through the City and which affects not only banking and insurance but the

whole of the financial services industry'. Two recent developments had been the Government's agreement in July 1983 to reforms proposed by the Stock Exchange (see p 275, 1983) and the Gower review of investor protection (see pp 58-9). The prospective results of the first were to be seen in the discussion paper which had just been published by the Stock Exchange (see p 179). Both developments were part of a process of change which had resulted in a forging of links between different types of financial institution. 'Bankers, securities dealers, brokers in various fields, insurers, investment managers, investment advisers – all are joining together with other providers of financial and related services hoping to move into the same unified playing field. The game . . . is the provision through one organisation of a comprehensive range of financial services to both the corporate client and the private individual.'

Mr Leigh-Pemberton thought that the conflicts of interest inherent in institutions providing a variety of services were so manifold that investors could not be left wholly to look after themselves; new measures, approaches and procedures were needed. However, he 'would resist any style of regulation which needlessly frustrated innovation, impeded the flow of funds to those raising new capital, or stifled the capacity of the financial services industry quickly to respond to competitive and technological challenge. We must never forget that it is the activity itself and not the regulation of it which generates wealth. Regulation in the highly sophisticated and fast changing world of financial services must be expert and must be flexible.' He therefore welcomed Professor Gower's advocacy of self-regulation which, the Governor believed, offered 'the best chance of combining a vigorous, expanding and innovative financial services industry with a proper degree of protection for the user'.

The Lloyd's insurance market had long operated a self-regulatory system within a statutory framework; however, the need for more effective ways of maintaining market standards had been demonstrated before the Lloyd's Act 1982 (see pp 297-8, 1982). It was in many respects relatively easy to develop a regulatory structure within the framework of a coherent market organisation, but the insurance industry consisted of (in addition to Lloyd's) a large number of companies. The size and diversity of the industry meant that it was hard for it to speak with a single voice although it would greatly gain in authority if it could.

Banking and Insurance Links

Dealing specifically with the links between banking and insurance – both insurance brokers and insurance companies – Mr Leigh-Pemberton pointed out that competition should at all times be fair. For example, a bank involved in insurance should not take advantage of its position as a lender to require a borrower to place any necessary insurance with it.

New structures would probably require new safeguards. In particular, in cases where more than one supervisory authority existed – for instance, the Bank of England (for banks) and the Department of Trade and Industry (for insurance companies) – co-operation and co-ordination would be required. 'There is a fine balance to be struck between encouraging competition and maintaining a proper degree of prudential security, analogous to the balance which has to be struck between, on the one hand, an innovative, expansionist response by financial institutions to new competitive and technological challenges, and, on the other, the maintenance or construction of regulatory procedures which are manifestly seen to protect the interests of users.'

Conclusion

The Governor said that every decade brought events which appeared major landmarks at the time but were cut down to size by 'the lengthening perspective of the passing years'. However, the present radical changes, with the Stock Exchange at their centre, 'will in retrospect be seen as at least as important as we currently perceive them to be. They pose challenges but also present opportunities to all of us.'

Industrial Awards

The Queen's Awards for Export and Technology and the Design Council Awards for 1984 were announced recently.

Firms in the general machinery and equipment industry, other manufacturing and electrical and electronic goods featured prominently among the 88 winners of awards for export. Of the 23 winners of awards for technology, most worked in the area of electronics.

Among the 27 winners of Design Council Awards was Collier Campbell, whose collection of furnishing fabrics won the Duke of Edinburgh's Designer's Prize.

Most of the achievements for which awards were made are described below. Full details of all awards are available from The Queen's Awards Office, Dean Bradley House, 52 Horseferry Road, London SW1P 2AG and The Design Council, 28 Haymarket, London SW1Y 4SU.

QUEEN'S AWARDS

The Queen's Awards for Export and Technology, published on 21 April (the Queen's birthday), are made on the advice of a committee comprising representatives of industry and commerce, including the trade unions and civil servants. Instituted in 1965 and revised in 1975 (see pp 443-4, 1975), the awards can be made both to British firms and to subsidiaries of overseas companies. The recipients represent a wide range of industrial and commercial activity and size of company, and include firms from every region of Britain. They hold their awards for five years, in which time they may display the award emblem in various ways.

The 111 winners of export and technology awards this year were chosen from a total of 962 applicants, 23 fewer than last year, and included 19 firms already holding awards. The Dynamics Group of British Aerospace won both an export and a technology award.

Export Achievement

Export achievement awards are made for 'a substantial and sustained increase in export earnings to a level which is outstanding for the products or services concerned and for the size of the applicant unit's operations'.

Aerospace Equipment: Winners were the Dynamics Group of British Aerospace, which manufactures tactical guided weapons systems and related specialised equipment together with space and communications satellites and high technology industrial products; British Airways Engine Overhaul, a subsidiary of British Airways and an export award winner in 1980, which gains foreign currency from the overhaul and repair of aircraft engines, modules and components for foreign aircraft operators (the work is carried out in Britain but customers are from the Middle and Far East and Europe); and International Aeradio, a subsidiary of Standard Telephones and Cables, which provides aviation, communications, computer and medical systems and services, exporting mainly to the Middle and Far East, Africa and North, Central and South America.

General Machinery and Equipment: General engineering firms winning awards were ACF (Great Britain), now called WKM (Great Britain), a subsidiary of ACF Industries of the United States, which manufactures valve and well-head equipment for the oil and related industries, exporting to Europe, the Middle East, India and Pakistan; Aston Martin Lagonda, now owned by Automotive Investments of the United States, with significant markets in the Federal Republic of Germany, Saudi Arabia and Kuwait, as well as in the United States itself; the Cummins Daventry Division of Cummins Engine Company of the United States, which manufactures diesel engines and components and exports worldwide, having penetrated 22 new markets since 1978; Glenfrome Engineering, a coachbuilder approved by Land Rover, which began exporting in November 1980 and now sells to a number of countries in the Middle East, the Far East and Europe; Jaguar Cars, the well-known subsidiary of BL, which exports to North America, Europe, the Middle East, Australasia and South Africa; Ruston Diesels, manufacturers of diesel engines for industrial use (in power stations), marine propulsion and rail traction, exporting to over 50 countries; Weston Simfire Division of Schlumberger Electronics, which designs and produces tactical weapon effect simulators for use in training exercises, exporting to the United States, the Middle East, the Far East, Western Europe and Africa; Vosper Hovermarine, a leading world manufacturer of hoverships whose entire output is exported, with Hong Kong predominant; Wimpol, a member of the George Wimpey Group, which provides general offshore navigation and positioning services and manufactures telemetry, avionic and hydro-acoustics products and operates regularly in the United States, South America, Australasia, the People's Republic of China, East and West Africa and the Middle East; and Bronx Engineering Holdings, which manufactures capital equipment for the metal-forming and processing industries, exporting to 37 markets and supplying large installations in the United States, the Soviet Union, India, South Africa, Norway, the Federal Republic of Germany, Italy and Mexico.

Chemical and Related Products: Award winners in this sector were Beecham Products Overseas Branch of the Beecham Group whose products are toiletries, fragrances, proprietary medicines, health beverages and soft drinks, which are exported to 93 countries in North America, Europe, the Middle East, the Caribbean and Africa; the Mond Division of Imperial Chemical Industries (ICI), which produces alkalis, chlorine and fluorine derivatives, with regular exports to Europe, the Middle and Far East, the United States and Australia; the Petrochemicals and Plastics Division of ICI, which exports throughout the world; the Pharmaceuticals Division of ICI, which manufactures ethical pharmaceutical products and exports to 120 countries, 40 per cent of its export income being accounted for by the United States (though much of the division's overseas income is derived from patent, trade mark and sales royalties); and Tenneco Organics, a subsidiary of Albright and Wilson, a company which manufactures flame retardants, biocides and plasticisers, exporting to 70 countries.

Other Manufacturing: Award winners included the Aluminium Powder Company, a small company manufacturing atomised aluminium powders used mainly in the chemical, mining, explosive, ordnance, steel and foundry industries, exporting to North America, Australia, Japan, South and West Africa and Europe; Church and Company, manufacturers of high-grade footwear, with retail stores in North America, Belgium and France, and regular sales to over 45 countries; Royal Ordnance Factories of the Ministry of Defence, exporting a wide range of military equipment and stores to member countries of the North Atlantic Treaty Organisation and other friendly countries; Dunsford Wesley, manufacturers of men's fashion clothing, which exports to the Middle East, Scandinavia, the Netherlands, Switzerland, the Federal Republic of Germany and the United States; Goddard and Gibbs Studios, a firm manufacturing stained-glass windows, murals and domes, which exports mainly to the Middle East; Harper and Tunstall, which produces drawing office and reprographic equipment and supplies, exporting to over 40 countries, mainly Australia, the United States and some Middle Eastern countries; Hestair Eagle, which manufactures municipal vehicles for refuse collection, vacuum tankers and road-sweepers, exporting to Europe, the Middle East, Africa and Hong Kong; Impalloy, which designs and markets cathodic protection, anti-fouling and monitoring systems mainly for the petrochemical and shipping industries, exporting to more than 20 countries in Europe, the Middle and Far East, Asia and South America; Invertron Simulated Systems, which

designs and produces computer-based military training simulators, exporting to North America, Western Europe, the Middle and Far East; A. M. Lock, which produces metal detection systems for food processing industries and test equipment used in the production of metal wires and tubes, exporting to the United States, Japan, Europe, South Africa and Australia; the Missile Systems Division of Short Brothers, manufacturers of the Blowpipe, Seacat and Tigercat guided weapons and the Shorland armoured vehicle, exporting to western Europe, North and South America, the Middle East, India, Pakistan and Australasia; Vetco Offshore, which manufactures subsea drilling equipment and exports its products and services throughout Europe, the Middle East and Africa; Brymor, which manufactures vinyl wallcoverings and, though one of the smaller British manufacturers of wallcoverings, sells to more than 20 countries; Burlington Slate, a slate-quarrying company in the Lake District whose product is used in flooring, cladding and roofing, among other things, and which makes regular sales to stone merchants in the Middle and Far East, North, Central and South America as well as Europe; Camtex Fabrics, a small subsidiary of ICI, which manufactures a range of durable non-woven fabrics with a variety of end uses, such as shoe-linings, garden furniture and battery components, and which exports to member countries of the European Community, the United States and the Far East; and GB Textiles, manufacturers of underwear in wool and wool mixtures, exporting to the Middle and Far East and North America.

Consulting Engineers and Plant Installation: Award winners were the Ove Arup Partnership, providing consultancy services in the design and supervision of building and civil engineering works, with 45 offices located in 22 countries; Binnie and Partners, which provides professional services in all aspects of water engineering, with markets throughout the world; Biwater Treatment (an export award winner in 1983), which designs and installs water-treatment plant, with main markets in Africa, Central and South America and the Middle and Far East; Bovis International, part of the Peninsular and Oriental Steam Navigation Company Group, which specialises in international construction management in the Middle East, North America, West Africa, Europe and Sri Lanka; Alan Dick, which manufactures and installs broadcast antenna systems with supporting towers and masts, operating in North and Central America, Africa, the Middle and Far East, including, recently, the People's Republic of China; Environmental Resources, providing a technical, management and economic consultancy on environmental protection, resource recovery, energy and waste management, with markets in the Middle and Far East and Europe; King Taudevin and Gregson (Holdings), glassworks engineers and furnace-builders exporting regularly to Europe, the People's Republic of China, Japan, Pakistan and parts of Africa; L. G. Mouchel and Partners, providing services in civil, structural and transportation engineering to the Middle and Far East; Skeltonhall, mechanical and process plant engineers and consultants, operating mainly in the Middle East in the oil, petrochemical and gas industries; ULG Consultants, specialising in agriculture and agro-industries, with markets in the Middle and Far East, Africa and South America; Pirelli Construction, which specialises in cable installations, railway electrification and steel structures in the Middle and Far East and in Africa; British Electricity International, which supplies consultancy services in all aspects of electricity supply (generation, transmission and distribution), with clients in 32 countries; and James Scott (Electrical Transmission), which carries out the design, erection, commissioning and maintenance of electric power transmission and distribution systems, and operates in the Middle East and Africa.

Other Services: Award winners in this sector were Caledonian Airmotive, a subsidiary of the Caledonian Aviation Group, which overhauls and refurbishes gas turbine engines and services companies in North America, the Middle and Far East and Europe; the *Financial Times*, which has gained foreign earnings from its advertising, the organisation of business conferences and the dissemination of business information, with exports to 149 countries; IML Air Couriers, which provides express parcel services and management services in connection with the sale of franchises and the provision of an international carriage system; Jenner Fenton Slade, insurance brokers specialising in marine and energy insurance, with export markets in North America, Scandinavia, Australia, Japan and the Middle East; Lasgo Exports (winner of an export award in 1983), which provides overseas customers with weekly listings of newly released gramophone records, sound and video cassettes and music publications and has recently added Japan and South Africa to its extensive list of overseas markets; Thames Television International, which gains foreign earnings from its exports to 127 countries, mainly North America and Australia; and Marks and Spencer, which exports clothing, household goods and foodstuffs to retailers in 30 countries, and which has its own retail stores in France, Belgium, the Irish Republic and Canada.

Food, Drink and Tobacco Industry: Award winners in this sector were Cherry Valley Farms, breeders of genetically improved ducks, and exporters of various duck products to 86 countries including the People's Republic of China, the United States and European countries; John Dewar and Sons, a subsidiary of the Distillers Company, engaged in the production and sale of Scotch whisky, mainly to the United States; James Keiller and Son, manufacturers of marmalades, preserves and sugar confectionery, which exports to 57 countries, the main areas being North America, the Middle and Far East, South Africa and Europe; and Joseph Walker, a bakery which has developed a growing export trade in shortbread, supplying 16 overseas markets.

Electrical and Electronic Goods: Award winners in this sector included Edendeck, which designs and produces computer-based audio processing

systems for use in broadcasting and recording studios; Elco Power Plant (an export award winner in 1983), which produces electrical generating sets and water treatment plant, with exports mainly to the Middle and Far East and Africa; Littelfuse Olvis, which produces automotive fuses and miniature and sub-miniature fuses for electronic applications and exports to 15 countries including the United States; the Frimley Unit of Marconi Space and Defence Systems, producing electronic control equipment for artillery and fighting vehicles and tracking radar for missile systems, exporting to the United States, Western Europe, Africa, Australasia and the Middle and Far East; Jim Marshall (Products), a small manufacturer of amplification equipment used by popular musicians, with sales to 30 overseas markets including North America, Europe and Japan; Plessey Radar, which manufactures radar equipment for air and naval defence, air traffic control and meteorological applications; Soundout Laboratories, which designs and produces audio mixing consoles for use in recording studios, broadcasting and theatres, with exports to 30 markets and its own distributing company in the United States; and Amchem, producing mainly electrodischarge machinery centres for the production of aircraft engine parts and which exports chiefly to the United States, France and India.

Technological Achievement

The awards in this category are made for 'a significant advance, leading to increased efficiency, in the application of technology to a production or development process in British industry or the production for sale of goods which incorporate new and advanced technological qualities'.

APV Hall Products, manufacturers of industrial refrigeration and air-conditioning equipment, gained an award for the development of the Hallscrew, a single-screw refrigeration gas compressor suitable for the refrigeration and air-conditioning industry. Compressor breakdowns have been reduced, service life extended and servicing and maintenance simplified.

Acorn Computers, which carries out microcomputer research, design, development and marketing, won an award for the development of a microcomputer system with many innovative features. The product was adopted by the British Broadcasting Corporation for its computer literacy programme, and renamed the BBC Microcomputer System.

The Bentley Engineering Company, which manufactures hosiery and circular fabric machinery, gained an award for the development of the ETC electronic pattern preparation system for the production of socks. Prior to this development, each change of pattern occupied the machine and a skilled mechanic for up to one-and-a-half days. The task can now be carried out in 15 minutes, which will eventually be reduced to five.

British Aerospace Dynamics Group, Stevenage Division, which manufactures defence systems, guided weapons and high-technology industrial products, won an award for the development of the Sea Skua, a sea-skimming anti-ship missile which can be launched from helicopters and low-speed aircraft.

The British Communications Corporation and Racal Research, both member companies of the Racal Electronics Group, gained an award for the development of the Jaguar V Frequency Hopping Radio, which prevents jamming, avoids difficulties caused by the presence of many transmitters on the battlefield and thwarts surveillance and direction-finding apparatus.

Prestel Executive has combined with the Videotex Section of the Telematics and Office Automation Division (both units of British Telecom) to develop and operate the Prestel viewdata system, a computer-based information, message and publishing medium for use by the general public and business. This was the world's first public viewdata service.

G. Clancey, a company which produces tappets, valve guides and camshafts, won an award for the development of an improved process for the manufacture of shell-moulded, chilled camshafts. The process gives greater accuracy of casting, greater design flexibility for the customer and reduced pattern refurnishment and replacement costs.

Dowty Rotol, a company which carries out the design, development and manufacture of aircraft equipment, gained an award for the development of three- and four-bladed aircraft propellers for use in the new generation of high-powered gas turbine engines.

The Gas Turbine Division of the English Electric Valve Company, a subsidiary of the General Electric Company, won an award for the development of hydrogen thyratron tubes, used in radar equipment and in linear accelerators for medical treatment and non-destructive testing.

The Magnetron Department of the English Electric Valve Company also gained an award, for the development of the magnetron electronic valve used in linear accelerators, for radiology and radiography, and in the medical and industrial fields.

FBC Limited, a company now owned by Schering AG of the Federal Republic of Germany and which distributes and manufactures chemical products for use in agriculture and animal and public health, won an award for the development of a fungicide to control the major diseases of arable and fruit crops.

Leslie Hartridge, a company which manufactures test equipment, won an award for the development of a video-display fuel metering system for diesel engine fuel-injection pumps. The system considerably reduces the time taken to test pumps and also increases calibration accuracy.

The Research and Development Department of the Hepworth Iron Company, which manufactures vitrified clay drainage systems and cable conduits, received an award for the development of a roller kiln to produce building drainage pipes and cable ducts. The new process reduces firing time from 36 hours to one-and-a-half hours and enables a thinner and stronger pipe to be produced.

Instrument Colour Systems together with the Central Textile Technology and the Textile Group

Technology Departments of Marks and Spencer jointly gained an award for the development of a microprocessor-based method of colour assessment.

Kaldair, a subsidiary of British Petroleum, which manufactures flaring and process combustion systems, won an award for the development of a system of flare installations which permits complete and smoke-free combustion with very low levels of radiant heat.

Matthew Hall Mechanical and Electrical Engineers, which provides mechanical and electrical engineering services to industrial and commercial installations, gained an award for the design of the fire engineering installations on the Statfjord A oil production platform.

Microvitec, a company which manufactures colour displays for use with microcomputers, received an award for the development of a low complexity colour display system. Prior to the development of the system it was necessary to use either high-performance dedicated monitors or ordinary poorer-quality television receivers.

The National Institute of Agricultural Engineering, grant-aided by the Agricultural and Food Research Council, gained an award for the development of machinery for the conditioning of forage crops. Before this development, the machinery used for drying grass and vegetables prior to harvesting and storage caused structural damage to the crop and subsequent loss of nutrient.

The Tensar Division of Netlon, a company which manufactures high-tensile strength polymer grid structures used extensively in civil engineering and agriculture, won an award for technical innovation in the manufacture of grid structures with a strength equivalent to good quality mild steel, at less weight and cost and with no corrosion problems.

Planer Products, a company which manufactures electronic and cryogenic equipment, received an award for the development of an animal embryo freezer used in embryo transplants. The Planer freezer allows the storage of validated genetic materials for long periods of time, the export of pedigree stock and the provision of embryo banks of rare or endangered species, all with a substantial improvement in efficiency and a reduction in costs to the user.

Racal Defence Electronics (Radar), part of the Racal Electronics Group, which carries out the design and manufacture of electronic warfare equipment, gained an award for the development of the Cutlass Radar Electronic Support Measures Processor, an apparatus which allows extremely fast data collection and processing under the most hazardous conditions and a rapid presentation to the user in visual and audio form so that threats can be quickly identified.

The Link Miles Division of the Singer Company, which designs and manufactures flight simulators, armoured-vehicle simulators and associated visual systems, won an award for the development of a computerised visual system for flight simulators. The visual system provides realistic depiction of real-world scenes in day, dusk or night conditions for both military and commercial simulators.

DESIGN COUNCIL AWARDS

The Design Council announced on 1 May a total of 27 awards and three commendations to British manufacturers under its 1984 awards scheme. There were ten awards for consumer and contract goods, six awards and one commendation for engineering products, five awards for engineering components, two for medical equipment and four awards and two commendations for the motor industry.

The Duke of Edinburgh's Designer's Prize for 1984 was awarded to Collier Campbell for its Six Views collection of furnishing fabrics. The Six Views, each 137 cm (54 inches) wide, are printed on pure cotton. The range was launched in 1983 and has been a considerable commercial success.

Other Consumer and Contract Goods

The Travelaid range of light-duty industrial castors, from British Castors, was felt by the judging panel to represent the first good castor design for 20 years, both visually and mechanically. The castors have two wheels and a dynamic load rating of 60 kilogrammes (132 lb), and can be used on hospital beds and other hospital furniture, as well as on supermarket trolleys. The Travelator version has been adapted for use on moving walkways which transport people and trolleys to upper floors in many modern supermarkets and hypermarkets. Duracell UK has won an award with the Durabeam, a totally new concept in torches, which has a flip-top design. The head containing the bulb is on a ratchet and can move from the closed position to fully open through any angle between the two positions. The adjustable head ensures that the beam can always be directed on precisely the required area. Kitchen Devils' professional range of high-quality kitchen knives differs from conventionally-designed knives in a number of respects. The handles are moulded from glass-filled polypropylene and, as a result, are stronger and far more hygienic than traditionally-designed handles; the blades are manufactured from steel with a high carbon content, giving them good edge-retaining properties. Lucas Furniture Systems has won an award for an office furniture system called Programme 2. The system includes facilities such as wall panels and lighting units as well as desks, storage units and screens so that an entire office environment can be created in any situation. Particular attention has been paid to accommodating the ever-increasing range of high-technology office equipment becoming available. Guideline 90, from Marler Haley Exposystems, a floor-fixed barrier system for use in public places such as airports, that can be rearranged or removed without affecting the floor finish, has won the company its second Design Council award. Whenever pedestrian flow needs to be changed, the configuration of posts and rails can be altered easily and quickly with just three simple tools. OMK Design has won an award for the Tran-Sit range of contract seating. Styled in perforated metal sheeting to stringent ergonomic specifications, Tran-Sit was designed in response to a specific need for a comfortable, but fireproof, range of seating that could be

installed in the passenger lounges at Gatwick Airport. Because packages cannot be hidden beneath it the seating does not pose a security problem. Paterson Products has produced the Orbital colour print processor and power drive for the amateur photography market, which develop colour prints in a flat tray using a unique orbital action. For the second year in succession, STC Telecommunications has won an award, this time for the Executel, a slim desk-top unit that combines telephone, electronic diary and telex terminal. The Executel has advanced telephone capabilities to reduce the frustration of engaged calls, interrupted meetings and misdirected calls and includes a teletext facility. Triangle Design has received an award for a range of stationery items with distinctive colouring and styling.

Engineering Products

Control & Readout has produced the CRL 2000, a control system for process plant. The combination of microprocessor control and versatile input and output circuitry makes it possible to connect the 2000 to any industrial plant; software design allows data to be sent to and received from other intelligent machines so that the 2000 can be used as part of a process network covering a whole factory. The equipment is totally self-contained, giving the plant operator flexible and easily accessible facilities, and can be made operational very rapidly. J. C. Bamford Excavators has gained a third Design Council award, this time with the 3CX backhoe loader, a cost-effective machine for both manufacturer and user. The new design permits all customer specifications to be produced from three primary base chassis and has several distinctive features such as full four-speed synchromesh transmission driven through a torque converter and powershift reverser unit. Low noise levels inside the cab provide a degree of comfort for the driver not normal in vehicles of this type. Laser-Scan Laboratories has produced the HRD-1/Lasertrak, a system for displaying, editing and translating into figures graphical documents, with applications in cartographic editing, security printing and computer-aided design. Information from graphical documents can be projected onto the screen and portrayed numerically extremely quickly by scanning with a laser beam. The speed and accuracy of the Lasertrak enable detailed mapping projects to be completed with minimal errors and operator fatigue. Ultrospec, from LKB Biochrom, is a simple, single-beam spectrophotometer (a device used to determine the concentration of substances in solution by optically measuring their absorption of light at specific wavelengths) with a wide range of uses in research, education and industry. The design is based on a central microprocessor which controls all operations and gives the product greater than average reliability and accuracy. Over four-fifths of the instruments produced have been exported. Priestman Brothers has won an award, its second in four years, with the VC15 variable counterbalance excavator, which incorporates a number of important innovations. The machine is 15 per cent lighter than traditional excavators and at reaches of up to 15 m (49 ft) it can take a payload 50 per cent greater than conventional machines. Short Brothers has produced the Shorts 360 commuter and short-haul passenger aircraft, which combines highly comfortable seating and comprehensive galley facilities in a wide body, and is capable of making up to 7,000 flights a year (or 3,600 hours total flying time), carrying 250,000 passengers. The Edgley EA7 Optica observation aircraft has earned a commendation for Edgley Aircraft. It is the first ducted fan commercial aircraft to go into service; the engine is located behind the cabin. Three people can sit abreast in the cockpit which has ample space for baggage and equipment. The EA7 offers a unique combination of quietness, lack of vibration and exceptional all-round visibility with low purchase and operating costs, simplicity of maintenance and considerable range.

Engineering Components

There were five awards in the engineering components category, one of which went to Coin Controls for the Universal Hopper motor-driven coin dispenser. The major advantage of this device is its ability to dispense most world coins of different sizes without the need for adjustment or alteration. It has widespread applications in vending, amusement, change and gaming machines. Eurotherm has produced the 810 microprocessor temperature controller, a device that maintains steady temperatures, usually within very tight limits. Because the microprocessor controls the major functions, operation of the 810 is made very simple. The Marley dry fix roof system, from the Marley Roof Tile Company, has performed well on installations under gale conditions. With this system the necessity of finishing a roof with wet mortar bedding is removed; fixing can be carried out in all weather conditions and, once in place, the system provides a maintenance-free roof with a traditional appearance. The Kuplex New Generation chain slings, from Parsons Chain Company, are lighter than the original Kuplex chain slings (a market leader), in addition to being safer and easier to use. Thorn EMI Datatech's 9800 streaming tape transport for half-inch computer tape is a data storage and data interchange unit that can be used with desk-top personal computers as well as with the largest mainframe machines. It has applications in archival storage and in data-processing management.

Medical Equipment

There were two awards in this category – one for the Micra range of diamond surgical knives, from Microsurgical Administrative Services, and the other for an antibiotic disc dispenser from Oxoid. The diamond cutting edge of the Micra range is so sharp that it has changed operating-room procedures, making possible fine work that could not be achieved before. The diamond cut is sufficiently clean that it does not distort, a great advantage particularly in ophthalmology. The antibiotic disc dispenser is used in hospital laboratories for the accurate placing of paper discs containing antibiotics onto the surface of culture media for susceptibility testing of pathogenic bacteria.

The smooth-action plunger allows the dispenser to be operated with one hand. Oxoid has won two other Design Council awards in previous years.

Motor Industry

Lucas Electrical has gained an award with the Homofocal headlamp, which is smaller than traditional headlamps and has an improved aerodynamic shape. The reflecting facets of the headlamp have a common focal point (hence the name Homofocal) and the light collection within the headlamp is so efficient that lenses can be produced with far fewer light distributing prisms than is common with conventional headlamps. Salford Electrical Instruments has produced the Backlite antenna, which combines a radio aerial with the heating element of a car's rear window, giving at least as good, if not better, radio reception over a range of frequencies as whip aerials. Other advantages include freedom from damage by vandals, protection from corrosion and the elimination of mounting holes in the car bodywork. The StreetKing 150, from Schmidt Manufacturing & Equipment (UK), is a compact, versatile suction sweeper suitable for all street-cleaning work. Dirt is swept towards the centre of the machine by two independently-controlled brushes which adjust automatically to any change in surface camber; the brushes retract automatically if an obstacle is touched by the sensor-bars mounted on the front of the brushes. A water recirculation system solves the problem of holding a sufficient water supply on such a small vehicle. Securon (Amersham) has won an award with an automatic rear seat-belt. Until the emergence of this product seat-belt retractors had to be vertically mounted because they are gravity-dependent; however, finding a vertical siting for a rear seat-belt had been a major problem. The Securon rear seat-belt overcomes this problem as it allows the fitting of the belt at any angle. With just two different models the company is able to satisfy virtually all requirements. AE Developments has been awarded a commendation for the AEconoguide piston. The piston can be used in both petrol and diesel engines and is designed to improve fuel economy and power output by reducing friction between piston and cylinder wall. It has three small individual contact areas or pads on each side of the skirt, effectively reducing contact with the cylinder bore by up to 75 per cent. In petrol engines, pistons on test showed a reduction in frictional losses of up to 14 per cent at full power over conventional pistons with fuel consumption being cut by as much as 4 per cent. ASE (UK) has also been commended for the Kangol seat-belt comfort adjuster, which offers the motorist an easy and safe method of changing the seat-belt pillar anchorage height so that the belt can be worn comfortably by drivers irrespective of their size and seating position. The adjuster can be moved between three positions, automatically locking into position each time. The company says that almost all the 8 million cars built in Europe would be suitable for fitting upper anchorage adjusters.

Oil and Gas

Britain's oil production rose by 11 per cent in 1983 when a record number of exploration and appraisal wells were started, according to the Department of Energy's 1984 review of oil and gas development, published on 8 May.[1] A comprehensive study of the potential of undiscovered oil and gas reserves has resulted in a significant rise in estimates of remaining reserves. In a speech on the effects of the gradual decline in North Sea oil production in the long term, the Chancellor of the Exchequer has said that Britain has little to fear if it can meet the challenges required in the way it has coped with adjustments resulting from the rapid build-up of oil production.

ANNUAL REVIEW

Oil and Gas Production

Britain's total oil production rose from 103·2 million tonnes in 1982 to 114·9 million tonnes in 1983 which included 3·5 million tonnes of heavier natural gases, 0·6 million tonnes of condensate and 0·3 million tonnes of onshore crude oil (mostly from the Wytch Farm field in Dorset). By the end of 1983, 25 offshore oilfields were in production (see Table 1), of which five came onstream during the year. Gas produced from the United Kingdom Continental Shelf (UKCS) totalled 39,529 million cubic metres (see Table 2) in 1983, 3·3 per cent more than in 1982. Supplies of UKCS gas to the British Gas Corporation accounted for 77 per cent of total gas supplies (UKCS production plus imports), the same proportion as in 1982.

Exploration and Development

The level of drilling activity in 1983 was the highest since the start of exploration in 1964, with 128 exploration and appraisal wells being initiated, compared with 111 in 1982 and 116 in 1975 (the previous record year). There were 21 significant discoveries made: nine of oil, ten of gas and two of condensate. Nine discoveries were located in the Southern North Sea Basin and five in the Central North Sea, the two areas where activity was concentrated during the year. The trends towards deeper drilling and evaluating older reservoir rocks continued in most areas. At the end of 1983 six offshore oilfields, one condensate field and three gasfields were under development.

Reserves

The estimated level of oil reserves in existing discoveries was boosted by encouraging results of the high level of exploration and appraisal drilling, both offshore and onshore. Estimates of remaining recoverable reserves of gas were also raised, reflecting greater development activity and the reappraisal of some gas discoveries previously considered uneconomic but now with significant potential for development at current prices.

[1] *Development of the Oil and Gas Resources of the United Kingdom 1984*. Department of Energy. HMSO. £8·50. ISBN 0 11 411382 3.

Table 1
Oil Production

million tonnes

Offshore fields	1978	1979	1980	1981	1982	1983
Forties	24·5	24·5	24·6	22·8	22·2	21·7
Brent	3·8	8·8	6·8	11·1	15·2	18·7
Ninian	*	7·7	11·4	14·3	15·0	13·7
Piper	12·2	13·2	10·4	9·8	9·8	9·6
Fulmar	—	—	—	—	2·6	5·7
Thistle	2·6	3·9	5·3	5·5	6·0	5·1
Claymore	3·0	4·0	4·4	4·5	4·8	4·7
Murchison (UK)	—	—	0·4	3·1	4·4	4·5
Beryl A	2·6	4·7	5·4	4·7	4·4	3·8
Dunlin	0·7	5·7	5·2	4·7	3·9	3·5
Statfjord (UK)	—	*	0·5	1·2	1·8	3·0
North Cormorant	—	—	—	—	1·3	2·1
North-West Hutton	—	—	—	—	—	1·9
Buchan	—	—	—	0·9	1·4	1·6
Beatrice	—	—	—	0·2	1·6	1·5
South Cormorant	—	*	1·1	0·7	0·9	1·5
Magnus	—	—	—	—	—	1·5
Heather	0·1	0·8	0·7	1·2	1·7	1·3
Tartan	—	—	—	0·7	0·6	1·1
South Brae	—	—	—	—	—	1·0
Maureen	—	—	—	—	—	0·8
Argyll	0·7	0·8	0·8	0·5	1·0	0·7
Montrose	1·2	1·3	1·2	1·1	0·9	0·7
Auk	1·3	0·8	0·6	0·6	0·6	0·6
Duncan	—	—	—	—	—	0·1
Crude oil from offshore fields†	52·8	76·5	78·7	87·7	100·1	110·5
Crude oil from onshore fields†	0·1	0·1	0·2	0·2	0·2	0·3
Liquefied products from oil and gas fields:						
Condensate	0·4	0·4	0·4	0·4	0·5	0·6
Heavier natural gases	0·6	0·8	1·1	1·2	2·4	3·5
Total production	53·9	77·9	80·5	89·5	103·2	114·9

*Less than 50,000 tonnes.
†Includes condensate and residual dissolved gases present in the disposal of stabilised crude oil by the industry.
Notes: (1) Differences between totals and the sums of their component parts are due to rounding.
(2) All the fields are shown on the map on p 167, 1983, with the exception of Duncan (block 30/24).

The report says that forecasts for undiscovered hydrocarbons are more speculative than those for discovered hydrocarbons and have to be assessed differently. During 1983 a completely new review of the identified undrilled geological structures in the Northern North Sea, Southern North Sea and Irish Sea areas was carried out, using the most recent seismic and well data. This study has led to estimates being raised significantly. After taking account of cumulative production to the end of 1983 (572 million tonnes of oil and 466,000 million cubic metres of gas), remaining recoverable reserves in present and future discoveries are estimated to be in the range of 1,410-5,280 million tonnes of oil and 0·9-2·26 million million cubic metres of gas (as against the estimates of 1,220-4,220 million tonnes of oil and 0·7-2·1 million million cubic metres of gas given in the 1983 edition). The report emphasises that it is more probable that the eventual outcome will be in the lower half of the new ranges rather than in the upper half.

Licensing

The eighth round of offshore production licensing was completed in May 1983 with the conditional award of licences for 63 blocks, bringing the total number in the round licensed to 70 (see pp 168-9, 1983). A preliminary announcement of arrangements for a ninth round of offshore licensing was made in February 1984 (see p 101). The main objective of the ninth round, under which it is hoped to license up to 80 blocks, is to maintain and increase the momentum of exploration drilling and, in particular, to extend it into areas (including some in deep waters) about which little is known.

During 1983 a record 63 onshore licences were awarded, mostly in established areas of interest in north-east England, the Midlands, and southern and south-west England. In April 1984 new arrangements for onshore oil and gas licensing were introduced (see p 139). They provide for three types of licence, designed for the identifiable stages of exploration, appraisal and development.

Table 2
Gas Production

million cubic metres

Field	1978	1979	1980	1981	1982	1983
Leman Bank	14,719	13,831	9,482	13,207	11,675	11,985
Frigg (UK share)	2,907	5,345	6,374	7,057	6,569	6,948
Indefatigable	6,450	6,006	6,878	5,613	5,720	4,700
FLAGS*	—	—	—	—	2,144	4,297
Hewett	6,392	6,288	6,568	5,048	4,108	3,851
Viking	5,238	4,397	4,689	3,307	4,381	3,413
West Sole	1,533	1,365	1,445	1,455	1,512	1,719
Piper†	4	536	521	520	629	782
Rough	931	1,005	467	99	101	27
Other‡	323	455	866	1,098	1,437	1,807
Total	38,497	39,228	37,290	37,404	38,276	39,529

*Gas delivered to land via the FLAG system gas pipeline.
†Gas used offshore or delivered to land via the Frigg pipeline system.
‡Associated gas produced and used mainly on Northern Basin oil production platforms.

Table 3
Taxes and royalties attributable to UKCS Oil and Gas

£ million

	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84 (provisional)
Royalties	289	628	992	1,396	1,643	1,900
Supplementary petroleum duty*	—	—	—	2,025	2,395	—
Petroleum revenue tax	183	1,436	2,410	2,390	3,274	6,100
Corporation tax†	90	270	480	650	460	900
Total	562	2,334	3,882	6,461	7,772	8,900

*Abolished at the end of 1982.
†Estimated proportion of the tax payable in the year attributed to UKCS oil and gas, but before setting off any advance corporation tax.

Economic and Industrial Aspects

In 1983 UKCS oil and gas production accounted for over 5 per cent of Britain's gross national product at factor cost. Revenue from the sale of oil and gas produced in the UKCS in 1983 is estimated to have been £17,500 million and £1,100 million respectively. Tax and royalty receipts attributable to UKCS oil and gas have risen steadily and were estimated to be some £8,900 million in 1983-84 (see Table 3). Several fiscal incentives for exploration and development, including for qualifying new fields the abolition of royalties and a doubling of the quantity of oil production exempted from petroleum revenue tax, were introduced in 1983. They have already encouraged companies to reassess certain prospects previously considered uneconomic.

Gross capital investment in the oil and gas exploration and production industry (including drilling contractors and other contractors providing services unique to the industry) is estimated at some £2,800 million in 1983, accounting for about 27 per cent of British industrial investment and 7 per cent of gross domestic fixed capital formation. Total investment between 1965 and 1983 is estimated to have been some £22,000 million (£33,000 million at 1983 prices). A significant rise in the workforce employed offshore, from about 21,500 in 1982 to some 28,700 in 1983, is thought to reflect the higher level of exploration and development activity offshore.

Table 4 shows the relationship between oil and gas production and primary fuel consumption. Britain's production of oil and gas in 1983 corresponded to about 59 per cent and 17 per cent of total primary fuel consumption respectively. Oil production exceeded consumption and there was a substantial import and export trade in crude oil. Exports of crude oil amounted to 67·2 million tonnes, compared with imports of 22·6 million tonnes. Exports went almost entirely to the markets of Britain's partners in the European Community and the International Energy Agency, while the remainder went to traditional markets in Finland and the Caribbean; the largest single market was the United States (which took 17·5 million tonnes).

Table 4

Britain's Primary Fuel Consumption compared with Oil and Gas Production

million tonnes of oil or oil equivalent

	1979	1980	1981	1982	1983 (provisional)
Primary fuel consumption:					
Coal	76·2	71·1	69·6	65·1	65·6
Petroleum	94·0	80·8	74·8	75·6	72·4
Natural gas	41·8	41·8	42·4	42·2	43·3
Nuclear electricity	8·1	7·8	8·1	9·4	10·6
Hydro electricity	1·3	1·2	1·3	1·4	1·4
Total*	221·4	202·7	196·2	193·7	193·2
Oil production	77·9	80·5	89·5	103·2	114·9
Gas production	34·2	32·0	32·4	33·0	33·3

*Differences between totals and the sums of their component parts are due to rounding.

In 1983 the total value of orders reported by offshore operators for oil and gas development work in the UKCS was £2,610 million, of which the British share was £1,883 million (72 per cent). Britain's offshore supplies industry sustained its competitiveness by winning the initial major orders for the Alwyn North and Clyde fields. Following the approval in 1983 of a considerable number of new developments, the long-term prospects for the industry are considered to be sound.

CHANCELLOR'S SPEECH

In a speech on 9 April to the third Cambridge conference on international energy issues, the Chancellor of the Exchequer, Mr Nigel Lawson, looked at some of the economic implications for Britain of the eventual decline in North Sea oil production.

Pattern of Oil and Gas Production

Mr Lawson said that the impact of North Sea oil on the British economy had been due as much to the dramatic speed of its emergence as to its contribution in terms of size. Britain had moved from a position of producing virtually no oil in 1975 to self-sufficiency by the end of 1980, and by 1983 oil output was almost 60 per cent higher than consumption. By contrast, the speed of decline was expected to be considerably slower. Peak oil production, within a range of 110–130 million tonnes, was expected to be reached in 1984 or 1985, while by 1988 production was forecast to fall to between 80 million and 115 million tonnes. Although uncertainties were very great, there were grounds for cautious optimism. Tax changes introduced in the 1983 Budget (see p 132, 1983) had been followed by an upsurge of interest in the North Sea which should secure significant additions to oil reserves; exploration and appraisal activity was at a record level (see p 173). While current estimates suggested that Britain would be self-sufficient in oil for the next ten years or so, some observers had suggested that Britain could remain self-sufficient until the end of the century. Following the Oil and Gas (Enterprise) Act 1982 (see pp 46–7, 1982), there had been a marked increase in drilling for gas, and prospects indicated that it should be possible to maintain the current level of production into the 1990s.

Economic Factors

Mr Lawson said that for a number of reasons the period of decline would be very far from the mirror-image of the period of build-up. The period of increasing production had coincided with the second large oil price rise; between spring 1979 and the end of 1980 the real price of oil had risen two and a half times. Although there was no certainty about future oil prices, a large real fall was not the current expectation, the consensus being that over the next decade as a whole the real world oil price might tend to harden. He noted that the principal period of expansion of North Sea output had coincided with lower inflation; the average rate of inflation for much of the 1970s had been 15 per cent but was now 5 per cent and was expected to decline during 1984. The Government had no intention of allowing the period of declining oil production to be accompanied by a policy of increasing inflation.

However, there was one common thread running through both periods, the Chancellor continued, which was the important consequences of the decision to abolish exchange control in 1979 (see pp 192, 241 and 338, 1979). This had permitted the profitable investment of North Sea income overseas, which had eased the transition to higher oil production, as it would ease the transition in reverse.

Effects of Rising Oil Production

Mr Lawson said that during the period of rising oil production the economy had adjusted in a number of ways. A noticeable feature had been the series of very large surpluses on the current account of the balance of payments. Britain had achieved a current account surplus in six of the last seven years (including the last four years – see p 129)

and the cumulative surplus over that period was nearly £20,000 million. The exchange rate had been higher than might have been expected. North Sea oil had not been the only factor at work – confidence in the Government's economic policies and the success of the anti-inflation strategy had also played their part. However, it was difficult to imagine that the exchange rate had not been considerably affected by the improvement in the balance of payments and by greater confidence in Britain as an oil-producing country during times of oil shortage.

In considering the decline in manufacturing industry, the Chancellor noted that part of the decline might have been due to pressures from the exchange rate, but he pointed out that other factors had been involved and the share of manufacturing in gross domestic product (GDP) had been declining well before North Sea oil production had begun.

Mr Lawson said that a key aspect of government fiscal and monetary policy had been to ensure that as monetary growth had been reduced so had the public sector borrowing requirement (PSBR) as a percentage of GDP. It had fallen from nearly 10 per cent in 1975-76 to 5·5 per cent in 1978-79 and an estimated 3·25 per cent in 1983-84, while the forecast level for 1984-85 was 2·25 per cent (see pp 126-7). This was at a time when deficits in other countries had been rising. The Government had taken advantage of the years of high oil revenue to reduce significantly the level of borrowing and had thus adjusted in a way that many economies still had to do.

Another indirect consequence of the current account surpluses and the abolition of exchange control, Mr Lawson continued, had been the significant stock of net overseas assets built up in recent years. Since the beginning of 1979 direct acquisitions of overseas assets had amounted to some £18,000 million, equivalent to more than half the total amount of oil revenues received by the Government in this period. By the end of 1982 Britain's net overseas wealth had increased four-fold to some £40,000 million. During 1980-81 British investors had been able to acquire a substantial volume of assets relatively cheaply when the exchange rate had been particularly strong. Since the abolition of exchange control, investors had been able to deploy their funds in the most effective and profitable way, and the interest, profits and dividends from those investments would increasingly swell invisible earnings.

Effects of the Future Decline in North Sea Oil Production

The Chancellor said that it was impossible to predict the future with any great degree of confidence, but it was reasonable to expect that there would be some return to the traditional trade pattern of a surplus in manufacturing and invisible trade offsetting deficits in food, basic materials and, eventually, fuel. This would probably require a lower real exchange rate, but did not necessarily mean that the nominal exchange rate had to fall. The real exchange rate could also adjust by better productivity performance and greater restraint on pay.

Mr Lawson said that there would be additional pressure on government finances. In the longer term oil taxation revenues were expected to fall as a percentage of GDP, but debt interest costs were also expected to fall as a result of lower levels of borrowing and lower interest rates. Accordingly, this would make it possible for the Government to reduce borrowing as a percentage of GDP and to cut taxes other than those on North Sea oil, provided that it was able to hold the level of public expenditure in real terms. Even a modest growth of public expenditure might be possible, but it had to fall as a percentage of output. The consultative document on public expenditure and taxation into the 1990s (see pp 127-9) had shown the size of the pressures on expenditure, but had also shown the way forward, and that the Government was giving attention to future problems as oil revenues declined.

Future Policies

Mr Lawson said that it was reasonable to suppose that Britain could cope with the 're-entry' problem, as North Sea oil declined. This was partly because the period of decline was likely to be gradual and protracted, but also because the era of North Sea growth had been put to good use by bringing down inflation to the lowest level since the 1960s, reducing the PSBR as a proportion of GDP to one of the lowest levels in the world, repaying a major part of the public sector's overseas debts, and building up income-earning assets overseas. The Government had introduced many reforms aimed at increasing the flexibility of the economy: 'the abolition of wage, price, dividend and exchange controls; privatisation; [the] introduction of competition into markets; [and] industrial relations reform'. These, the Chancellor said, should make the economy more responsive during the next phase of adjustment than it had been during the original phase.

The appropriate policies for the period of North Sea decline were clear, Mr Lawson continued. 'We need to have, as we do now have, a North Sea tax regime that encourages future development, and thus makes the re-entry more gradual.' A firm control needed to be kept on public expenditure, so that the prospect of a declining tax burden (other than on North Sea oil) could be realised. The improvement in the flexibility of the economy needed to be maintained to enable Britain to meet the changes that would inevitably occur in the pattern of the balance of payments. North Sea oil had been available at a valuable time. 'It has enabled a determined Government to make, somewhat less painfully than would otherwise have been the case, the vital and long overdue transition from a high inflation to a low inflation economy, from a low productivity to a higher productivity economy, from an excessively controlled to a very much freer economy. If we can meet the challenge of those adjustments, as we have done, in the space of five short years, then we have little to fear from the much more gradual adjustment needed to cope with the problem of what happens when . . . the oil runs out.'

Ports

The Secretary of State for Transport has stressed the importance of competition in the ports industry. Recent developments in the industry include the Government's decision to sell its remaining shares in Associated British Ports and the proposed abolition of controls over large-scale harbour developments.

Government Policy on Ports

In a speech on 12 April to the British Ports Association and the National Association of Port Employers, the Secretary of State for Transport, Mr Nicholas Ridley, noted that there had been a technological revolution in the ports industry in the last 20 years with the development of modern methods of cargo handling, such as containerisation and the use of roll-on/roll-off facilities. Mr Ridley said that governmental policy on ports had changed 'equally dramatically'. Previous governments had seen the ports as part of the nation's infrastructure needing to be centrally planned, to be protected from wasteful competition, to be regulated by government and with investment 'vigorously controlled by the state'. The present Government, however, saw the industry 'as a normal industry like any other', and believed that ports could and should compete among themselves. He recognised that fair competition was only possible when all competed on equal terms and he felt that this was not yet entirely the case and that some distortions remained. It was his aim 'to work towards reducing, even eliminating, distortions'. Apart from the ports of London and Liverpool (see p 108, 1983), it was nearly four years since the Government had made a loan to a harbour authority for capital investment. In that time ports appeared to have experienced no obvious difficulty in obtaining funds to finance profitable developments.

Mr Ridley referred to another distortion, the different types of ownership, with some ports being privately owned, others publicly (in some cases municipally) owned, and a number being public trust ports. 'For the competition to be completely fair, they should all be in the private sector.' However, that would take time and, in the meantime, he would 'welcome greater innovation in seeking to attract private capital into ports', especially the trust ports.

The operation of the dock labour scheme (under which registered dock workers are allocated to employment with a licensed employer) was 'increasingly being questioned by those in the industry', the Secretary of State continued. He understood its drawbacks; it acted as a distortion of fair competition between ports within the scheme and those outside it. 'If it is to remain credible, it must serve the interests of the industry as a whole and work effectively.' The Government was keeping a close watch on the operation of the scheme.

Mr Ridley said that he had been told by shippers that the cost of exporting from Britain tended to be high compared with competing countries elsewhere in Europe. The reasons were complex, but high port charges were said to be one of the factors. With the help of the British Shippers Council, the Department of Transport was 'trying to obtain a more solid factual basis for examining this question'.

Associated British Ports

Details of the arrangements for the sale of the Government's remaining stake in Associated British Ports Holdings PLC (the parent company of Associated British Ports, which runs 19 ports in Britain) were given by Mr Ridley in the House of Commons on 10 April (*Hansard*, Vol 58, No 140, written answers, cols 140-1). He said that, in a speech on 14 March in the debate on the Budget resolutions, the Chief Secretary to the Treasury, Mr Peter Rees, had affirmed that the Government's policy was to sell its minority residual shareholdings in privatised companies as the circumstances of the companies and market conditions permitted (*Hansard*, Vol 56, No 119, col 420). Mr Ridley said that the Government had now completed arrangements for the offer for sale by tender of its remaining shareholding in Associated British Ports Holdings PLC; some 48·5 per cent of the issued share capital had been held by the Government since the company's flotation in 1983 (see p 107, 1983). The company's good performance since then had strengthened the case for the sale. To encourage a wide range of ownership, arrangements had been made for small investors to make applications for up to 1,000 shares at the striking price. Preferential consideration would be given to employees wishing to make a similar purchase, and such applications would be accepted in full within a maximum of 1 million shares (of the 19·4 million on offer).

Control of Harbour Development

In the House of Commons on 9 April (*Hansard*, Vol 58, No 137, written answers, cols 31-2), Mr Ridley announced that he had decided it was no longer appropriate for the Government to retain its powers of regulatory control over harbour developments costing more than £3 million. He believed that the pattern of port development should be determined on commercial criteria; the authorisation of particular projects risked distorting the market's view of the commercial risks involved. He therefore proposed to seek powers at an early opportunity to repeal section 9 of the Harbours Act 1964 (which provided for this control) and would lay before the House an Order which would give immediate effect to his decision. The effect of abolishing this control would be that, subject to compliance with other relevant statutory requirements, promoters of port developments would be free to proceed with commercially desirable developments if they could secure adequate financial backing.

Road Safety

Road casualties in Great Britain fell by some 8 per cent in 1983, according to detailed provisional figures issued by the Department of

Road Casualties in 1983

	Killed	Seriously injured	Slightly injured	Total casualties	Per cent change since 1982
Pedestrians	1,891	16,749	42,652	61,292	—
Pedal cyclists	318	6,029	24,067	30,414	+8
Users of:					
Mopeds, scooters and motorcycles	959	19,212	44,013	64,184	−11
Cars	2,009	24,838	102,977	129,824	−13
Buses and coaches	38	928	9,310	10,276	+3
Goods vehicles	162	2,119	7,547	9,828	−16
Other vehicles	27	248	907	1,182	−11
Total	5,404	70,123	231,473	307,000	−8

Transport on 5 April. Compulsory seat-belt wearing is estimated to have reduced fatal and serious casualties to car occupants by some 20 to 25 per cent.

Accident Statistics

In 1983 road casualties totalled some 307,000 (see table), 8 per cent less than in 1982 despite an increase of 2 per cent in vehicle traffic, reversing the upward trend which occurred between 1981 and 1982. There were an estimated 5,400 deaths, 9 per cent fewer than in 1982 and the lowest annual total since 1956, together with 70,000 serious injuries (12 per cent fewer than in 1982) and 231,000 slight injuries. Casualties to occupants of cars declined by 13 per cent in 1983, a major factor being the introduction of compulsory seat-belt wearing. Casualties to users of two-wheeled motor vehicles declined by 11 per cent and traffic fell by a similar amount, possibly as a result of new regulations on learner motor cyclists under the Transport Act 1981 (see p 53, 1981) which entered into force in February 1983. Pedal-cycle casualties rose for the fifth successive year, by 8 per cent, and child pedal-cyclist casualties were 10 per cent higher than in 1982.

Seat Belts

Compulsory wearing of seat belts for adults travelling in the front seats of cars and light vans came into force on 31 January 1983 (see p 299, 1982). In the period February to December 1983 there were 475 fewer deaths among front-seat occupants of these vehicles than in the same period of 1982 and 7,000 fewer serious injuries. These reductions, of about 25 per cent, occurred in spite of a 1 per cent increase in car and light-van traffic. Most of the reduction in casualty rates is attributable to the increase in seat-belt usage. Allowing for a number of other factors, it is estimated that deaths and serious injuries to front-seat occupants of cars and light vans were some 20 to 25 per cent lower than they would have been without compulsory wearing. Seat-belt wearing levels were about 95 per cent and there is no evidence to suggest that car passengers moved to rear seats to avoid wearing seat belts.

Shorter Notes

THE STOCK EXCHANGE

The Stock Exchange issued, on 12 April, a discussion paper on the future of the market system, membership structure and constitution of the Stock Exchange. The paper is the report of committees of the Stock Exchange Council which were set up in November 1983 following the decision to abolish minimum scales of commission (see p 435, 1983). Responses are invited by 31 May.

The theme of the paper is the continuation and strengthening of the securities market. The Stock Exchange aims to foster competition and growth in the issuing and trading of securities, to achieve the highest degree of liquidity in the market so that companies can raise capital on the best possible terms, to promote a Stock Exchange membership capable of competing in world markets and to maintain ethical and professional standards at the highest level.

No attempt is made to provide definitive answers to every question about the future of the market, membership or regulatory role of the Stock Exchange. However, preparatory to the ending of minimum scales, there are a number of suggestions for radical change – two in particular. First, although the Council's declared policy is the maintenance of single capacity (the separation of function between brokers and jobbers – see p 275, 1983) for as long as it is commercially desirable, the feeling is that single capacity would be unlikely to survive the abandonment of minimum scales. Secondly, the 29·9 per cent limit on the acquisition of equity stake in a Stock Exchange member company by a non-member company should be abolished.

The paper concludes by emphasising the limited time scale within which the Council has to work in order to fulfil the Stock Exchange's commitment to the Government (see pp 434-6, 1983) and the difficulties which this raises in relation to the planning and testing of technical systems.

Source: *The Stock Exchange. A Discussion Paper.* Available free from Information and Press Department, The Stock Exchange, London EC2N 1HP.

INWARD INVESTMENT

The year 1983 had been the best for inward investment into Britain since the establishment of the Invest in Britain Bureau in 1977 (see p 140, 1983), the Minister of State for Industry, Mr Norman Lamont, said on the publication of the Bureau's latest annual report on 9 April. Inward investment was making an increasingly significant contribution to Britain's economy 'by creating new employment, as well as securing existing jobs; introducing new technology, products, management styles and attitudes; injecting new capital investment; and increasing exports – or substituting for imports'.

The report states that, despite the recession, projects handled by the Bureau in 1983 increased in number by 46 per cent and those reaching a successful conclusion by 58 per cent. Inward investment was playing an increasingly important role in Britain's economy and in its economic recovery. In 1981, the latest year for which figures are available, foreign-owned manufacturing enterprises represented only 2·6 per cent of the British total but accounted for 14·9 per cent of employment, 18·6 per cent of net output and 25·5 per cent of net capital expenditure. Present conditions meant that there had never been a better time to invest in Britain, as shown by Nissan's recent decision to build a car plant (see pp 67-8). There were firm indications of Britain's economic recovery with political stability, rising productivity and growth, low inflation and increasingly stable industrial relations.

In spite of stronger competition from other member states of the European Community, Britain continued to be the preferred European location for inward investment. The United States invested more in Britain than in any other European country. At the end of 1981 investment amounted to $30,100 million. There were many reasons why United States companies were locating and expanding in Britain, the political and economic background being particularly important. Also, many firms preferred to locate in major markets rather than in less developed economies. The decisions by IBM, Digital and Commodore to base personal computer manufacture for Europe in Britain and those by Motorola and National Semiconductor to increase the manufacturing of raw chips were good examples of this. The skill of Britain's workforce and the high level of research and development had attracted other projects from the United States. Most notable were the decision of Hewlett-Packard to establish its first laboratory facility outside the United States in Britain and that by Digital to make Britain its major European research and development base.

During 1983, over 50 European companies decided to set up new manufacturing plants in Britain or to expand their existing operations, creating 1,000 new jobs and safeguarding more than 4,000 others. Among these companies were: the Finnish paper manufacturer United Paper Mills, which is to build a new integrated pulp and newsprint mill in north Wales at a cost of £135 million; Michelin, which was spending £11 million on its heavy-duty truck tyre plant in Northern Ireland; and Schott UK, with its £2 million special glass panel plant in Newton Aycliffe.

Twenty-six Japanese enterprises had located manufacturing plants in Britain, creating more than 7,000 jobs. Japanese investment in Britain which, including support to service industries, was estimated at £1,600 million, represented almost half its total in the European Community. During 1983, Japanese manufacturers had announced an expansion of their British operations in response to a rising demand for electronic products, while other Japanese companies had invested in Britain for the first time. These would bring a further £70 million of Japanese investment to Britain, creating between 800 and 900 jobs.

Since 1980, Canadian manufacturing investment in Britain had totalled nearly £170 million involving 6,300 jobs. Companies which had recently invested included Mitel, Northern Telecom and Consolidated Bathurst.

Sources: *Invest in Britain Bureau Annual Report 1983*. Available free from the Invest in Britain Bureau, Department of Trade and Industry, Kingsgate House, 66-74 Victoria Street, London SW1E 6SJ; and Department of Trade and Industry press notice, 9.4.84.

EXPORT CREDITS GUARANTEE DEPARTMENT

A proposal to replace the Export Credits Guarantee Department (ECGD – see p 314, 1983) by a government-owned corporation, with greater freedom in its management and operations than the ECGD has at present, has been made by a committee appointed by the Government to review the structure, functions and status of the ECGD. The report, published on 11 April, says that the ECGD enjoys a high reputation among exporting and banking and commercial communities but its present status as a government department impedes its efficiency and effectiveness in providing the support which exporters need to remain competitive in international markets. The recommendations contained in the report are designed to allow a clearer, more flexible and more entrepreneurial response by the Government to exporters' demands.

The proposed corporation would be responsible to the Secretary of State for Trade and Industry, as the ECGD currently is, with the Government giving full backing to its guarantees (ECGD guarantees are widely respected precisely because they are endorsed by the Government). The corporation's activities would embrace all those now being carried on by the ECGD; it would provide insurance and financial services in support of exports, doing so at a profit. A board of directors with statutory responsibilities would be appointed with the power to invest corporate reserves as it wished. The report suggests that the corporation should, in certain circumstances, be permitted to raise funds in its own right for lending purposes and also that it ought to dis-

criminate more between one risk and another than the ECGD does at present. Competition and co-operation between the corporation and the private sector insurance market should be developed with, for example, the corporation being able to reinsure risks with private sector insurers as well as with the Government.

The Government has invited views on the proposals by 1 July.

Sources: *Report of the Committee to consider the Structure, Functions and Status of the Export Credits Guarantee Department (ECGD)*. HMSO, £3·60. ISBN 0 11 513751 3; *Hansard*, Vol 58, No 141, written answers, col 235.

INDUSTRY YEAR 1986

In an attempt to increase public awareness of the role of industry and its service to the community, the year 1986 has been designated Industry Year. The project, which has the support of the Government, the Confederation of British Industry, the Trades Union Congress and other major industrial organisations and professional and educational institutions, has been initiated by the Royal Society of Arts, which for many years has been concerned at what it sees as a lack of awareness of industry's fundamental role and unfavourable cultural attitudes towards it. Industry Year 1986 (which will be directed by Sir Geoffrey Chandler, the former Director General of the National Economic Development Office) will be part of a continuing programme to encourage a better understanding of industry by building on existing initiatives and encouraging industry to project itself more effectively. The President of the Royal Society of Arts, the Duke of Edinburgh, giving his full support to the programme, said: 'Industry is by far the most important activity in our national life . . . . This programme is intended to reawaken appreciation and understanding of what industry is all about and that can only be to the benefit of all the people of Britain.'

Source: Royal Society of Arts press notice, 13.4.84.

BRITISH TELECOM

Details of the Government's proposals for the privatisation of British Telecom later in 1984, following the enactment of the Telecommunications Act 1984 (see pp 269-72, 1983, and p 160), were given in the House of Commons on 2 May by the Secretary of State for Trade and Industry, Mr Norman Tebbit. Mr Tebbit said that the Government's intention was to sell a majority interest of the ordinary voting shares of the new company, British Telecom plc. The Government had concluded that the company's initial debt to the Government should be in the form of debentures (fixed-interest securities) with a capital value of £2,750 million carrying interest of between 12·25 and 12·75 per cent. British Telecom plc would also issue to the Government preference shares to the value of £750 million and carrying a gross dividend of 11·75 per cent, which would be non-voting and redeemable at British Telecom's option or in any case after 30 to 35 years. Apart from British Telecom's continuing overseas and short-term borrowing, the remainder of the company's assets would be financed by ordinary shares and reserves.

Mr Tebbit said that the Government had announced in 1983 that the tariff increases on some of British Telecom's services should be kept below the rate of inflation. The Government had now concluded that the services concerned would include local calls, business and residential rentals and trunk calls. British Telecom plc's tariff increases on a weighted average of these services over its first five years would be limited to 3 percentage points less than the increase in retail prices over the preceding year. Details of the operation of this constraint would be contained in the licence for British Telecom which would be laid before Parliament shortly.

The Government's intention, Mr Tebbit continued, was that the flotation of British Telecom should provide an opportunity to encourage wider share ownership by both the public and by the company's employees. Special arrangements would be introduced for employees to obtain shares so that they would have the opportunity to acquire about £370 of shares for an investment of about £100. As in previous sales, these shares would have to be vested in a trust for a minimum of two years. In addition, a discount of 10 per cent off the public offer price would be available to all employees at the time of flotation on purchases of up to £2,000 worth of shares, provided that they were held for a specified period. Special incentives would be given to telephone subscribers and might include an offer of vouchers which could be offset against telephone bills.

Mr Tebbit said that work on the flotation was on schedule for the sale of the shares to be launched in autumn 1984.

Source: *Hansard*, Vol 59, No 147, cols 353-4.

INFORMATION TECHNOLOGY

Recent developments in the Alvey Programme for advanced information technology, a five-year collaborative research programme costing £350 million involving industry, academic institutions and government (see p 170, 1983), include the award of the first major contract and the award of the first large-scale demonstrator project. The first major contract was announced on 6 April by the Minister for Information Technology, Mr Kenneth Baker, for a project called ASPECT, to be led by Systems Designers Ltd (the first British software firm to achieve a full quotation on the Stock

Exchange) in collaboration with ICL (one of Europe's leading indigenous computer manufacturers), GEC Computers, the universities of York and Newcastle upon Tyne, and MARI Advanced Microelectronics. The contract, which provides for expenditure of some £3·6 million over a three-year period (with the possibility of an extension for another year), involves the development of a first-generation 'integrated project support environment' intended to provide comprehensive support to the developers of the complex software systems which lie at the centre of systems driving process control in industrial plants, avionics, advanced communications systems and military systems. Mr Baker said that the Alvey Programme aimed 'to turn writing software from a craft to an engineering discipline'. ASPECT would be 'an essential element in the Alvey software engineering initiative and thus of great importance to the aims of Alvey as a whole'. It would play a vital role in increasing productivity throughout Britain's software engineering industry which was of fundamental importance for the whole of the nation's information technology industry.

The award of the first large-scale demonstrator project in the Alvey Programme to a consortium led by ICL and including Logica, Imperial College, London, and the universities of Lancaster and Surrey was announced on 13 April. The project, which will last for five years and will cost some £6·5 million, will evaluate the role of new computing technologies in assisting 'legislation-based organisations', such as the Department of Health and Social Security, in the formulation, interpretation and application of complex policies and rules. Detailed investigations and demonstrations of intelligent knowledge-based systems, man-machine interfaces (visual, speech and touch input-output devices) and software engineering techniques will be undertaken as part of the project. A small team of officials from the Department of Health and Social Security will work in close collaboration with members of the consortium. Areas selected for the project include the evaluation of supplementary benefits, mobility allowances and claimant information systems. Other large-scale demonstrator projects are planned; a number of study reports have been prepared, and it is hoped that three other projects will be in progress by the beginning of June 1984.

Source: Department of Trade and Industry press notices, 6.4.84 and 13.4.84.

JET NUCLEAR FUSION PROJECT

The Joint European Torus (JET) nuclear fusion machine at Culham (Oxfordshire), the largest and most powerful machine of its type in the world, was formally opened by the Queen on 9 April. JET is the biggest single project in the co-ordinated programme of the European Atomic Energy Community (Euratom) aimed at developing nuclear fusion (the release of controlled nuclear energy from the joining of the nuclei of the light elements to form heavier ones) as a future source of energy. The JET Joint Undertaking was established for a period of 12 years from June 1978 to construct and operate the machine. It was decided that JET would be built on a site adjacent to the Culham Laboratory, the nuclear fusion research laboratory of the United Kingdom Atomic Energy Authority which would act as host organisation to the project. Some 80 per cent of the cost of JET is borne by Euratom, 10 per cent by the United Kingdom Atomic Energy Authority and the remaining 10 per cent by the European fusion laboratories participating in JET. Countries taking part in the project are Belgium, Britain, Denmark, the Federal Republic of Germany, France, Greece, the Irish Republic, Italy, Luxembourg, the Netherlands, Sweden and Switzerland.

The JET experiment is intended to demonstrate the feasibility of controlled nuclear fusion at the experimental level by producing plasma (very hot ionised gas) in conditions close to those needed in a fusion reactor. There are many possible fusion reactions, but the one of most interest is that occurring between the two heavy isotopes of hydrogen: deuterium (a gas which can be extracted easily from water) and tritium (which can be manufactured by bombarding lithium with the neutrons produced in the fusion reaction). However, there are formidable problems in creating reactor conditions for fusion to take place, notably the very high temperatures required (upwards of 100 million degrees Centigrade). Several magnetic field configurations to confine the gas away from the chamber walls have been tried, but the one used by JET is the tokamak magnetic field configuration; three other large tokamaks are working or under construction, in the United States, Japan and the Soviet Union. Plasma was first produced in JET in June 1983 by an electrical current of some 17,000 amperes lasting for 0·07 of a second. Since then the current has been gradually increased to a level of 3 million amperes with a total pulse duration exceeding ten seconds. Between 1984 and 1988 new heating systems will be added to the machine to enable the temperature to be raised to about 50 million degrees. Initial experiments are using ordinary hydrogen plasmas, but in later stages if these higher temperatures are achieved, the machine will be operated with a deuterium-tritium plasma. The additional power deposited in the plasma by thermonuclear reactions would then cause the temperature to rise towards the required 100 million degrees.

Source: *JET: Joint European Torus*. Available from the JET Joint Undertaking, Abingdon, Oxfordshire OX14 3EA.

SOCIAL AND CULTURAL AFFAIRS

Developments in Cable and Direct Broadcasting by Satellite: Cable and Broadcasting Bill

The Cable and Broadcasting Bill, which will establish a new Cable Authority to license and regulate the provision of cable programme services and enable the Independent Broadcasting Authority (IBA), like the British Broadcasting Corporation (BBC), to provide direct broadcast services by satellite, was given a second reading in the House of Commons on 8 May. Opening the debate the Home Secretary announced new provisions which will enable the IBA to provide for the first time an independent national radio service and the framework necessary to establish a joint project by the BBC and the independent sector for the initial stage of a direct broadcast by satellite service.

HOUSE OF COMMONS DEBATE

The Bill, which has already completed its passage through the Lords, was given an unopposed second reading (*Hansard*, Vol 59, No 150, cols 747-818).

Home Secretary's Speech

The second reading was introduced by the Home Secretary, Mr Leon Brittan, who said that the Bill marked a major step towards increasing opportunities for consumer choice in the provision of broadcasting services. The Bill dealt with two forms of programme distribution that had already been the focus of much debate: cable and direct broadcasting by satellite (DBS), both of which created new industrial, technological and cultural opportunities. DBS, with its ability to achieve universal coverage and its use of frequencies which were available in only limited supply, was more obviously an extension of conventional broadcasting; cable, on the other hand, occupied more than a halfway house between broadcasting and telecommunications. There was no theoretical limit to the number of channels that could be provided and, unlike DBS, cable had the potential for providing interactive services. Cable services, however, could be provided only where cable systems were installed and this meant that it was bound to be a number of years before even half the homes in the country would have the opportunity to subscribe.

The Government's approach to both these new developments was to create the framework within which investors could reach their own decisions on the risks and opportunities involved. In the case of both cable and DBS the Government believed that the right decisions were more likely to be taken if assessments of market potential were made by those who stood to gain or lose by the outcome. It would be quite wrong for the Government to invest large sums of taxpayers' money. This meant that the Bill was not a blueprint for what would happen but rather an enabling measure designed to unlock the door to the future for those who were willing to go through it.

As regards cable, with which the greater part of the Bill was concerned (see p 185), the Home Secretary referred to the Government's decision in April 1983 to launch the pilot project exercise whereby it had agreed in principle to allowing 11 operators to go ahead with their proposals. In addition the Government had now authorised a number of existing cable operators to offer new services under their present systems.

Independent National Radio Service

Turning to Part II of the Bill, which concerned broadcasting matters rather than cable, the Home Secretary informed the House of a further new provision which the Government proposed to introduce. This would enable the IBA to provide for the first time an independent national radio service. Mr Brittan said that the spectrum available for VHF (very high frequency) radio broadcasting would extend during the next decade and was likely to offer the facility for two new national networks in 1990 – one to go to the BBC and the other to the IBA. The creation of a national network of transmitters was a substantial task which, if it were to be carried out economically and still be ready for 1990, should begin in just over a year's time. Enabling powers would therefore be brought forward to allow the IBA to begin the programme transmitter construction before a contractor were appointed.

New Joint DBS Project

As regards provisions for DBS, Mr Brittan reminded the House that the United Kingdom, like every other European country, had been allotted by international agreement five DBS channels. The BBC had already been authorised to go ahead with plans for a two-channel service, using a satellite system provided by the Unisat consortium

(see pp 90-2, 1982). Now the independent sector was being given the power to participate in DBS under the provisions of the present Bill. While the Government remained committed to a framework of permitting competing BBC and independent sector DBS services, for the longer term, it had accepted that something different was needed for the initial stage of facilitating DBS. The reasons for this were that DBS was a high-risk, high-cost venture which would initially be a heavy burden for any single operator and its viability would depend on the rate of build-up of its audience, who would have to incur appreciable expense to equip themselves to receive a service. Financial projections suggested that a service would not break even until it could attract some 2 million subscribers, and that would take some years. There were doubts whether there was room, from the outset, for two competing services. These uncertainties had led the BBC to explore the opportunities for partnership with others, and in particular with the IBA and the Independent Television Companies Association (ITCA).

Having reviewed these factors, the Government had concluded that the best hope of securing a good-quality British DBS service in the late 1980s lay in a joint project which would bring together the talents and experience of those of the existing broadcasters who wished to participate, together with a significant proportion of outsiders. This would mean some additional legislative provision to create the necessary framework and detailed proposals for this purpose would be brought forward at the Committee stage of the present Bill.

Participants in the Joint Project. Mr Brittan said that the joint DBS project would be provided by a joint company or consortium whose participation would be divided between the BBC and the independent sector. The BBC would have a half share of the project. The independent sector would be in two parts. One part, which it was expected would be at least a quarter of the total project, would consist of those ITV companies wishing to take part. The other part would consist of other companies or organisations that expressed a wish to take part on the terms stated and were judged suitable to do so. They might make up 20 to 25 per cent of the total – but the proportions needed to remain flexible until the strength of those who wished to participate was evident. It was essential that an opportunity for participation in this important new broadcasting development should be given to those who did not currently hold ITV franchises.

Some mechanism would be needed to evaluate prospective participants, and the Home Secretary said that he would be asking the IBA to offer its views on the suitability and financial soundness of private sector participants, and the share of the project that they might appropriately bear.

Keen interest in the proposals was being shown by some of the independent production companies, whose growth had been much stimulated by the outlet for their product provided in the statutory framework for Channel 4 (the second independent channel), either as part of the independent element in the joint project or as the providers of programmes for it. Mr Brittan said that he would be considering how effect might best be given to the suggestion relating to programme provision and he would be inviting others who were, or would be, concerned with the joint project to do likewise.

Satellite System to be Used. Like the BBC project, from which in a sense it sprang, the joint project would use the Unisat satellite system. Some further negotiation between the consortium when formed and Unisat would be necessary. For example, it was envisaged that the joint project would provide three channels: one films channel and two of mixed programming. That would mean a change from the proposition being negotiated between the BBC and Unisat.

Life of Joint Project. It was envisaged that the joint project should have a maximum life of ten years from the date of launch. This would provide an adequate period over which the project could build up an audience, recoup its initial outlay and move towards profit. Whether the project would in fact last ten years would depend upon the arrangements regarding satellite provision which the consortium would make with Unisat.

Financial Aspects. The Home Secretary wished to make clear that no public money whatsoever was being invested in or pledged for the project; nor would it be in the future. The BBC's share of the cost would come not from the licence fee but from borrowing on the money market, under the extended borrowing powers granted to the Corporation by an amendment of its Royal Charter in 1983. If the worst happened and the project collapsed, it might be necessary for the Corporation – with government consent – to draw upon licence fee revenue to settle its debts; but the BBC understood that such a use of licence fee funds would not be recouped through a subsequently enhanced fee. Expenditure of the ITV companies participating in the consortium would not be an offset against the levy payable upon the profits of their terrestrial broadcasting operation.

The Joint Authority. A joint body would have to be set up to take responsibility for the transmission of the programmes and for their standards and content. Its members would be drawn equally from the BBC's board of Governors and from the members of the IBA. The standards which the service would be required to meet would be those which would apply to a service under Part II of the present Bill.

Competition from Other Services. After acknowledging the high initial investment and risks that would be involved until an audience had been built up, the Home Secretary said that while he was anxious that a competitive regime should not be postponed for any longer than was strictly necessary, the Government's objective of establishing a DBS service on a firm footing could be jeopardised if competition for audiences and revenue fragmented them before they were firmly established. Some protection of the project in its early years was therefore justified. In the Government's view it would be right to postpone bringing Part II of

the Bill into force until three years had elapsed after the launch of the joint project's services. At that point the IBA would invite applications under Part II and, provided suitable applicants were forthcoming, would issue contracts. Thus during the second part of the joint project's life there could be competition from other DBS channels, in addition to competition from other cable-borne services.

ITV Franchises. The Home Secretary said the ITV companies had stressed that they faced problems because their present franchises expired in 1989. In order to give them the financial confidence necessary to participate in the joint project, he had concluded that he would be justified in making some minimal departure from the normal arrangements for franchise renewal. He therefore proposed to add to the Bill a provision that for 1989 only the IBA would not be under an obligation to readvertise ITV contracts, but it would retain a complete discretion as to whether to do so or not. This would preserve the general franchising structure, to which the Government remained committed, and leave the IBA with full powers to do what was necessary to ensure a satisfactory standard of performance.

Conclusion

Mr Brittan concluded by saying that he believed that the consortium approach offered the most realistic chance of getting the DBS service into action within the next three or four years. If those who were negotiating had come to the same conclusion and wished to take this chance, he believed that the Government should not deny them the framework to make it possible. There would be the opportunity of a stake in the first DBS service both for the BBC and for those who might have sought to participate in an independent DBS franchise. It had a limited life; and a competitive regime, which remained the ideal, would not be long delayed. The choice of independent participants would begin very shortly. Work was already in progress on drafting the necessary additions to the Bill to provide for the formal designation of the consortium; for the joint broadcasting body, and its length of life; and for the changed arrangement regarding the readvertisement of ITV franchises. By making these provisions the Government did not, of course, guarantee that a joint project would come into being. That would be for the potential participants to determine. The object of the provisions was to create the framework and opportunity.

Opposition Views

Mr Gerald Kaufman, the chief official Opposition spokesman on home affairs, said that in announcing the Government's proposals for DBS, and proposals for a national system of commercial radio, the Secretary of State had announced a completely new structure for broadcasting on which there had been no consultation and no discussion.

Demand-led investment depended upon the existence of demand and there was none at present for home banking, home shopping or the other wonders consequent on a national cabling system. Since there was clearly a demand for electronic visual entertainment in Britain, the Government was pinning its hopes on the assumption that entrepreneurs would provide for the Government the cable network it was unwilling to commission from the public sector.

Safeguards had to be imposed, but if they were too strict they would rule out the prospects of profit for the operators who would face the dangers of bankruptcy. If operators were unable to get rich quickly, they would seek at any rate to get poor slowly. Not only would they want material for which they paid as little as possible, they would also want as much advertising revenue as possible.

The Labour Party welcomed the prospect of greater choice for viewers but did not want to sacrifice the present high standards.

The Liberal Party spokesman, Mr Clement Freud, said that cable television programme standards should be protected on the same basis as those already laid down for the broadcasting authorities. Advertising controls also needed to be tightened and he urged that the rules at present operated by the IBA be similarly applied to cable broadcasts. There was a need to look more carefully at the question of responsible monitoring and access by local groups. Most voluntary organisations had emphasised the need for resources and relevant expertise to be apportioned to them if they were to benefit from cable broadcasting.

MAIN PROVISIONS OF THE BILL

Part I: Cable Programme Services

Part I, which implements proposals set out in the White Paper *The Development of Cable Systems and Services* (see pp 176-8, 1983), establishes a new Cable Authority and provides the licensing framework for the development of cable programme services.[1] The Authority, which would consist of a part-time chairman and between three and ten other members, would be financed out of licence fees paid by the operators.

Clause 2 contains a number of key definitions used in Part I of the Bill, the most important of which is the definition of a 'licensable service'. In order to be licensable, a service must involve one way rather than two way communications; it must go to two or more homes simultaneously or to a place such as a cinema where members of the public could see it; and it must include moving pictures and/or speech or music. To maintain flexibility the precise definition of a 'prescribed' diffusion service would be made by subordinate legislation, but the intention is that it should consist of programme services delivered over the new generation of wideband cable systems capable of carrying a minimum of 25 or so television channels.

Clauses 3 to 9 set out the procedures to be followed by the Cable Authority in the licensing of cable programme services. Under Clause 4, the Authority would have a duty to promote the provision of prescribed diffusion services. Licences

[1]The Bill does not cover the telecommunications aspects of cable systems. These are covered by the general regulatory framework for telecommunications established by Part II of the Telecommunications Act 1984 (see pp 269-72, 1983).

for these would run for up to 12 years in the first instance and eight years thereafter. Clauses 5 and 6 require the Authority to consult the relevant local authorities and the public in the area concerned before granting a licence for a prescribed diffusion service as well as inviting competitive bids. It would also be obliged to work in close consultation with the telecommunications licensing authorities. Clause 7 requires the Authority, before granting a licence for a prescribed diffusion service, to take account of matters such as the range of programmes and other services promised, the extent to which British and other European Community programming would be used and proposals for local and educational programming. Clause 8 sets out restrictions on the holding of licences by particular individuals and bodies, the main objectives being first, to prevent the control of licensed companies resting with foreign, political or religious interests; secondly, to guard against excessive concentrations of editorial control; and thirdly, to forestall the possible development of anti-competitive and other practices that might be contrary to the public interest. As a result of arguments presented in the House of Lords, amendments would now be brought forward to give the Cable Authority a duty to guard against excessive accumulations of interests in separate cable companies.

Clauses 10 to 15 contain a number of key provisions placing certain duties on the Authority in relation to the content of programmes and advertisements. Clause 10 would impose similar obligations on the Authority as on the IBA to maintain certain programme standards. In particular it would have to see that cable programmes did not offend against good taste and decency, that they included a proper proportion of British and other European Community programming and that all news was accurate and impartial. Clauses 11 and 12 deal with other programme matters and with the framework of rules to be applied to advertising. These are less detailed than in the case of independent broadcasting and the Government considers that there will be greater scope for new forms of advertising and for sponsorship, subject to a code of standards laid down by the Cable Authority. Amounts of advertising on cable would be unrestricted, except where the nature of the service made it appropriate for the Independent Television limits to apply.

Clauses 13 and 14 are designed to protect the position of existing broadcasting services. Clause 13 contains the 'must carry' rule under which the existing BBC and IBA services would have to be transmitted as part of the licensed cable service. Clause 14 safeguards the position of viewers of existing services from the 'creaming off' of popular events by cable. New provisions would be introduced both to reduce the risk of their being creamed off by foreign broadcasting services aimed at the United Kingdom and to guard against the dishonest reception of cable and satellite services. As a result of arguments advanced in the House of Lords, new provisions would be introduced to enable the Broadcasting Complaints Commission to consider and adjudicate upon complaints of unjust or unfair treatment or unwarranted infringement of privacy in cable programmes.

The above clauses are supplemented by those dealing with the powers and finances of the Authority and with various amendments to the civil and criminal law. The Authority would be expected to become self-financing at the earliest possible date, but for the initial period the Government would be willing to make up to £2 million available to it on a loan basis as working capital. Clauses 23 and 24 make changes to the Copyright Act 1956 to take account of the development of cable. Cable operators would be given a copyright in the material which they put out and the position of other right holders with regard to the use of their works over cable would be strengthened. Clauses 25 to 29 clarify and extend the existing law relating to obscenity, as well as dealing with incitement to racial hatred, defamation and the use of wireless telegraphy apparatus.

Part II: Broadcasting Services

Part II amends the Broadcasting Act 1981 primarily to give the IBA power to provide direct broadcasting by satellite (DBS) services. The IBA would be the broadcasting authority and, wherever relevant, its powers and responsibilities under the Broadcasting Act 1981 would apply to DBS also. The IBA would provide DBS services, as it does terrestrial services, through contracts with programme companies, chosen by a franchising process. Each DBS franchise would last for 12 years, in recognition of the fact that the successful applicant would bear the full responsibility and liability for satellite provision. Services could be financed by subscription or advertising or both, and, as and when there was a sufficient level of profit, would be subject to levy. The rentals received from terrestrial television would not be allowed to subsidise the IBA's DBS operation without the consent of the Home Secretary.

International Garden Festival

The first international garden festival to be held in Britain was opened by the Queen on Merseyside on 2 May and will run until 14 October 1984. It is the largest horticultural festival ever staged in Britain and the most important event of its kind in the world during 1984.

The festival is the focal point for a wide range of horticultural displays including 26 gardens designed by various nations to reflect the characteristics of their own countries, and a large number of British theme gardens. The idea of garden festivals had its origins in the Federal Republic of Germany where it was used to particular advantage after the second world war (1939–45) as a means of repairing bomb damage and bringing greenery back into devastated cities. The invitation to hold Britain's first garden festival was extended to Merseyside in 1981 by the then

Secretary of State for the Environment, Mr Michael Heseltine. The International Garden Festival 'Liverpool '84', which is being staged in accordance with the regulations of the Association Internationale des Producteurs Horticoles, has been awarded international A1 status by the Bureau International des Expositions, a status accorded to only one event of its type in the world each year. Responsibility for organising the festival rests with the Merseyside Development Corporation, set up in 1981 to regenerate the derelict and underused docklands on both sides of the River Mersey. The Government has approved a festival budget for gross expenditure of £19·3 million; business sponsorship and receipts from entry charges are expected to cover much of this.

For more detailed information see COI reference paper *Britain's International Garden Festival 1984*, No 222/84.

The Festival Site

The festival site covers 50 hectares (125 acres) of formerly derelict land which has been reclaimed by the Merseyside Development Corporation. Three old petroleum tanks and a disused dock have been filled in and some of the 6·5 million tonnes of rubbish previously dumped on the site has been bulldozed into hills for landscaping. A total of 3·25 million tonnes of material (including large quantities of topsoil brought in to give the site its fertile base) has been shifted and over 500,000 trees and shrubs planted. Along part of the stretch of the River Mersey which bounds the site on one side, a two-tier marine esplanade has been built. Reclamation and landscaping of the site are part of a long-term development strategy providing for its use for housing and light industry after the festival has closed, except for the central landscaped area which will remain as a park and recreational facility.

The Gardens

Some 16 hectares (40 acres) of the site are devoted to individual national theme gardens illustrating a very wide array of subjects ranging from those with a serious purpose (conservation, gardening for the disabled and handicapped, and the organic garden) and the horticultural (roses, alpine plants and the kitchen garden) to a collection of amusement gardens – jam and witches' gardens, and a Beatles' maze (named after the world-famous pop music group who came from Liverpool).

About 8 hectares (20 acres) are devoted to international gardens, allowing exhibitors to display their own indigenous plants which may be rare in Britain. Some 30 countries are participating in the festival including Australia, Austria, Barbados, Belgium, Canada, the People's Republic of China, Czechoslovakia, Denmark, Egypt, the Federal Republic of Germany, France, Greece, India, Israel, Italy, Japan, the Netherlands, Portugal, Singapore, Spain, Sri Lanka, Thailand, Turkey and the United States. Most have created outdoor theme gardens, reflecting their horticultural expertise and cultural traditions; for example, Japan has built a traditional seventeenth-century garden. This, together with the gardens of China, India and the United States, will remain on the site after the festival as gifts to the people of Liverpool.

A prominent feature of the festival is one of Europe's biggest ever displays of bedding plants. A homes and gardens section features a small village of showhouses constructed by different property developers. When the festival has finished, this will form the nucleus of a large private housing development scheme planned for a section of the site.

Exhibition Hall

The centrepiece of the site is the exhibition hall, which has an exhibition area of 7,000 sq metres (80,500 sq ft) free of columns. Some 15 exhibitions are being held during the festival, featuring a wide variety of horticultural skills for both amateur and professional gardeners, advanced scientific techniques for educationists and exotic international displays. After the festival the building will be converted into a sports and leisure centre with a seating capacity of 4,000.

Festival Events

Alongside the festival hall is an arena for outdoor displays including concerts, sporting events and competitions. An amphitheatre is being used for smaller-scale presentations of music recitals and concerts, as well as open-air tutorials for school groups. As an integral part of their participation within the festival, many overseas countries are staging national weeks or days to highlight their cultural traditions.

Shorter Notes

HOSPITAL BUILDING

The large number of new National Health Service hospital developments currently being undertaken by the Government has been referred to in a speech by Mr Kenneth Clarke, Minister for Health at the Department of Health and Social Security. Addressing the Association of Health Service Treasurers on 13 April, Mr Clarke said that the Government was expanding and improving Britain's health services at a very brisk rate. By May 1984, 15 hospital developments costing well over £250 million would have been opened since June 1983. This represented 4,500 new beds or beds in improved settings in less than one year; in addition, the buildings for another 23 schemes would be completed in 1984.

These developments, said Mr Clarke, were just part of the current programme of new building in the National Health Service which resulted from the extra money spent by the Government on the nation's health. Thirty-nine major hospital schemes had been started since 1979 and about 140 large new schemes costing £1,000 million were at present being planned, designed or constructed in England alone. This represented a sustained programme of development for the health service and showed the Government's

determination to modernise the service to the public and the buildings from which it was provided.

Source: Department of Health and Social Security press release, 13.4.84.

NEW EXAMINATIONS FOR A LEVEL STUDENTS

Proposals for new public examinations, to be called Advanced Supplementary (AS) levels and designed to widen the curriculum of students taking General Certificate of Education (GCE) Advanced level courses, have been put forward by the Government in a consultative paper published in May. The new proposals were drawn up following consideration of comments received in response to earlier plans for an Intermediate (I) level examination, put forward in the consultative document *Examinations 16-18*, published in October 1980 (see p 330, 1980).

While confirming the Government's strong support for A levels, the paper says that present arrangements, which encourage A level students to concentrate on obtaining good grades in a limited number of subjects, result in an undesirable lack of breadth in curriculum. The new AS levels would provide students with the opportunity to develop their knowledge, skills and understanding over a broader range of subjects than at present, including, wherever possible, one or more subjects outside their main A level specialisms. AS levels would be single-subject examinations, as intellectually demanding as A levels, and taken alongside them. The two-year courses leading to the new examination would cover not less than half the amount of ground covered by the A level course for the subject in question; AS level grades would be based on grades in the corresponding A level subject and be worth half the A level grades.

The Government, says the paper, would like as many students as possible specialising in science and mathematics to continue during their A level years the systematic study of, for example, English, history or a foreign language. Students specialising in the arts and humanities should continue the study of, for example, mathematics, technology or one of the sciences.

It is envisaged that AS level examinations would be run by the existing GCE Boards under the aegis of the Secondary Examinations Council. Initial development work on syllabuses would concentrate on mathematics, physics, chemistry, biology, technology, English, French, German, history, geography and general studies. There is also a strong case, says the paper, for developing courses in economics, computer sciences, and design technology at an early stage.

Though designed for full-time A level students, AS levels would also be open to other students, and it is hoped that mature students, for example, might benefit from the new courses and that employers would find qualifications based on them valuable for recruitment and as a foundation for training.

It is planned that, subject to the outcome of consultation, the first courses should begin in September 1986 with the first examinations in 1988.

Source: *AS Levels. Proposals by the Secretaries of State for Education and Science and Wales for a broader curriculum for A-level students.* Available free from Publications Despatch Centre, Department of Education and Science, Honeypot Lane, Stanmore, Middlesex HA7 1AZ.

Hansard, Vol 59, No 147, written answers, col 102. Department of Education and Science press release 73/84, 1.5.84.

DOCUMENTATION

Government and Administration

Local Democracy at Work: The Northern Ireland Assembly (see p 157). Available free from the Speaker's Office, Northern Ireland Assembly, Parliament Building, Stormont, Belfast BT4 3SY.

New Ireland Forum. Report (see p 157). Published by Stationery Office, Dublin. May be purchased from Government Publications Sale Office, Sun Alliance House, Molesworth Street, Dublin 2 or from booksellers, IR25p.

Review of the Operation of the Northern Ireland (Emergency Provisions) Act 1978 by the Rt Honourable Sir George Baker OBE (see p 156). Cmnd 9222. HMSO, £8·40. ISBN 0 10 192220 5.

Civil Service Commission: Annual Report 1983. Available free from the Civil Service Commission, Alençon Link, Basingstoke, Hants RG21 1JB. ISBN 0 903741 78 4.

External Affairs and Defence

A Successor to the Second Lomé Convention. Fifteenth Report of the House of Lords Select Committee on the European Communities, Session 1983-84. HMSO, £12·15. ISBN 0 10 416884 6.

Intermediate-Range Nuclear Forces (INF). Progress Report to Ministers by the Special Consultative Group, released for publication on 8 December 1983. Available from NATO Information Service, 1110 Brussels.

Britain's Defence Services. COI, No 231/RP/84.

Exchange of Notes between the . . . United Kingdom . . . and . . . Egypt constituting the United Kingdom/Egypt Retrospective Terms Agreement 1979. Presented to Parliament April 1984. Cmnd 9200. HMSO, £1·30. ISBN 0 10 192000 8.

Exchange of Notes between the . . . United Kingdom . . . and . . . Brunei . . . concerning the Arrangements for a United Kingdom force in . . . Brunei . . . . 21 September 1983. (The agreement entered into force on 1 January 1984.) Cmnd 9207. HMSO, £3·60. ISBN 0 10 192070 9.

Code of Conduct for Companies with Interests in South Africa. Analysis and Summary of Companies' reports for the period 1 July 1982 to 30 June 1983. Available free from Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET.

Economic and Scientific Affairs

Britain's Economy. COI, No 230/RP/84.

The Government's Economic Policy: Autumn Statement. Government Observations on the First Report from the Committee in Session 1983-84. First Special Report from the House of Commons Treasury and Civil Service Committee. HMSO, 75p. ISBN 0 10 234784 0.

Britain's Budget 1984-85. COI, No 241/84.

The 1984 Budget. Fourth Report from the House of Commons Treasury and Civil Service Committee. Together with the Proceedings of the Committee and the Minutes of Evidence and Appendices. HMSO, £9·40. ISBN 0 10 234184 2.

Britain's Banking and Financial Institutions. COI, No 145/RP/84.

Bank of England. COI, No 146/84. (Spanish version in preparation.)

The Stock Exchange. A Discussion Paper (see p 179). Available free from Information and Press Department, The Stock Exchange, London EC2N 1HP.

Britain's Overseas Trade. COI, No 54/RP/84.

Report of the Committee to consider the Structure, Functions and Status of the Export Credits Guarantee Department (ECGD) (see p 180). HMSO, £3·60. ISBN 0 11 513751 3.

Employment in Britain. COI, No 131/RP/84.

Advisory, Conciliation and Arbitration Service Annual Report 1983. Available free from ACAS, 11-12 St James's Square, London SW1Y 4LA. ISBN 0 906073 13 8.

The Framework of British Industry. COI, No 122/RP/84.

Britain's Manufacturing and Service Industries. COI, No 98/RP/84.

Invest in Britain Bureau Annual Report 1983 (see p 180). Available free from the Invest in Britain Bureau, Department of Trade and Industry, Kingsgate House, 66–74 Victoria Street, London SW1E 6SJ.

A Study of Businesses Financed under the Small Business Loan Guarantee Scheme (see p 103, 1981). Available from the library of the Department of Trade and Industry, 1 Victoria Street, London SW1H 0ET. £5.

Agriculture in Britain. COI, No 55/RP/84.

Britain's Energy Resources. COI, No 75/RP/84.

Development of the Oil and Gas Resources of the United Kingdom 1984 (see p 173). Department of Energy. HMSO, £8·50. ISBN 0 11 411382 3.

Transport and Communications in Britain. COI, No 126/RP/84.

British Railways Board. Annual Report and Accounts 1983. Available from HMSO, £4. ISBN 0 11 983647 5.

Third Report, National Metrological Co-ordinating Unit. Available free from the NMCU, PO Box 6, Fell Road, Croydon CR9 1LG.

Lead in the Environment. COI, No 238/84.

Social and Cultural Affairs

Crime and Police Effectiveness, by Ronald V. Clarke and Mike Hough (Home Office Research Study No 79). The report's main conclusions are that increasing visible police presence through extra foot or car patrols is by itself unlikely to reduce crime; nor does there seem much scope for a general improvement in detection rates. It provides a measure of support for community and neighbourhood policing, for more focused patrolling strategies and 'targeted surveillance' of certain types of offender, and for the 'situational' approach to crime prevention now being developed by the crime prevention unit recently established in the Home Office Police Department. HMSO, £3·40. ISBN 0 11 340773 4.

The British Crime Survey, Scotland. This report deals with the extent of unreported crime, the consequences of crime for victims, public reactions to crime, public views on the police, and admissions of crime. It follows a similar survey for England and Wales (see pp 143-9, 1983). HMSO, £4·60. ISBN 0 11 492379 5.

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